

NEWS: INTERNATIONAL

IG Metall offers flexibility, employers disagree over tactics, as action starts in Bavaria

Hints of compromise as German strike begins

By Andrew Fisher in Frankfurt

The start of Germany's first engineering strike for 11 years was marked yesterday by signs of a readiness to compromise which suggested stoppages could be short-lived and restricted to the prosperous southern state of Bavaria.

One company, the Grob machinery maker, forestalled a strike by giving its employees a day's paid holiday. It said the aim was to prevent its labour climate from deteriorating, as happened after the last strike in 1984.

Mr Klaus Zwickel, head of IG Metall, the engineering industry trade union, demanded an offer from the employers in response to its 6 per cent pay claim, but stated his readiness to enter into talks aimed at reaching a compromise.

"We have never said there has to be a definite figure," Mr Zwickel said yesterday about his desire for an employers' offer. "But there must be a substantial signal."

The negotiations, which set the pace for other industries, have been soured by the insistence of Gesamtmetall, the engineering employers' federation, that any pay rise should be offset by savings through more flexible working practices.

Pay talks in the chemical industry collapsed on Thursday, with the moderate IG Chemie union unwilling to agree a deal during the engineering strike.

Showing dissent among the engineering employers' ranks, Mr Carl-Hans Duma, head of AEG household electronics (owned by Sweden's Electrolux), said it would try to reach settlements at local plant level if Gesamtmetall could not reach a compromise with IG Metall. He criticised the failure of Gesamtmetall to make an offer and said production of new AEG products would now be held up.

Mr Günther Thumann, Frankfurt-based economist with Salomon Brothers, the US investment house, said the strike would strengthen the position of the union against a disunited employers' federation. "Some companies, especially big ones with full order books, would pay up at once if they could avoid stoppages. Others would find it hard to survive high wage increases."

He felt the immediate impact of the strike would be small, but warned of the consequences for future inflation. "The risks of an increase in consumer prices, already in the pipeline for the second half of this year, would be increased if the wage round led to settlements markedly higher than in 1984."

Mr Martin Hüfner, chief economist at Munich-based Bayerische Vereinsbank, said: "Germany can't afford wage rises of between 3.5 and 4 per cent."

He was concerned the strike would raise expectations and lead to a pay deal that was too high. Yesterday's start to the strike, Bavaria's first in the industry since 1984, affected 22 plants and 11,000 union members. IG Metall has been careful to keep the strike away from plants - such as in the car sector - which depend on parts from other companies or which supply other producers. But it has said the strike would be stepped up next month, if necessary, to affect all plants.

Among companies affected yesterday were MAN's diesel engine and printing equipment subsidiaries and two Siemens electronics plants. Mr Heinrich von Pierer, Siemens' chairman, said this week that payment of the union's full 6 per cent claim would cost the group an extra DM4.3bn (\$2.5bn) a year.

So far, Gesamtmetall has refrained from calling on members to adopt a lock-out policy. But Mr Hans-Joachim Gottschol, its chairman, repeated yesterday its demand that the 36-hour week be postponed from this year's agreed October starting date. IG Metall has strongly rejected this.

Supporting the Bavarian strike, 33,000 employees in companies elsewhere stopped work for several hours in sympathy. A brief walk-out was staged by 20,000 workers at the Mercedes-Benz car plant near Stuttgart.

Two IG Metall strikers blow whistles outside a Siemens electronic plant in Nürnberg yesterday. The placard says "6% is not too much".



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Even 5m car recalls have 'little effect' on profits

By John Griffiths in London

The recall of 5m Opel-Vauxhall cars and 1.5m Volkswagens Golfs and Jettas, announced yesterday and on Thursday, is the largest in the respective companies' histories.

Taken together, the near-simultaneous recall of nearly 5m cars is thought to be an industry world record in terms of units, though not of expected cost.

Until their cars are checked, owners of all Opel and Vauxhall cars fitted with airbags have cause for a small but nagging doubt, over whether the airbag might actually function

in a crash. Owners of nearly 1.5m Opel and Vauxhall Astras built since 1992 will be wary of small flash fires in their cars' fuel filler necks until a small earthing clamp can be fitted to preclude electro-static charges building up during refuelling.

Owners of Golfs and Jettas built with 1.6 and 1.8 litre engines between 1983 and 1989 meanwhile will watch their engine temperature gauges warily, fearful that the possible overheating problem identified by VW in its recall might apply to them.

While the scale of both recalls is unusually large, and the faults identified disturbing, recalls are an occupational hazard for vehicle makers.

Like every other carmaker, VW and General Motors' Opel subsidiary routinely make financial provisions for them. Thus VW could insist yesterday that the predicted DM180m (\$81.5m) cost of the recall will not affect profits. Opel is still assessing the probable cost of its own recall but does not plan to make the figure public.

It, too, insists there should not be a significant impact on profits. Although in the past the industry has required legislative pressures to institute formal recall systems, with automatic contacting of all registered owners, manufacturers now routinely initiate the recalls without outside prompting, wishing to avoid being seen as responding only to

problems identified in the marketplace. Opel said yesterday that around 10 instances of fuel problems had been reported. The airbag check follows the report into a fatal accident in Germany during December when an airbag failed to inflate. Volkswagen maintained that its recall was being made despite "only a few" cases of overheating being identified.

Across the industry, several hundred recalls are typically made each year. Although most typically involve fewer vehicles, in some cases they can be considerably more expensive than the recalls now

facing VW and possibly Opel. For example, an engine problem with minivans, affecting 33,000 vehicles, led Nissan into a \$230m (\$145m) buy-back programme in 1993.

More recently, in a potentially far more financially damaging case, General Motors bitterly contested demands for the recall of more than 5m pickup trucks because of the location of their fuel tanks. However, in December the US government dropped its two-year investigation into the claims, while GM agreed to pay \$51m into a safety research programme. Nevertheless GM is still facing a number of private lawsuits on the issue.

Irish Steel yesterday played down the threat of a row with British producers after Dublin's decision this week to support the loss-making concern.

The government yesterday submitted its formal application to the European Commission to inject £50m (\$34.6m) into the Cork plant, Ireland's only steel mill. Mr Richard Bruton, the enterprise and employment minister, announced the government would seek EU approval at the April Council of Ministers meeting.

British Steel, which already sells products in the Irish market, says it will challenge the decision in the European Court, a threat which one Irish union official said was like taking "a sledgehammer to a very small nut".

Irish Steel, a state-owned mini-mill, has just 750 employees and accounts for less than 1 per cent of EU steel output, producing about 300,000 tonnes.

By June 1993, at the height of the European steel industry crisis, the company had accumulated losses of £111m because of its overstaffed, high-cost production.

The company underwent an £80m restructuring in the mid-1980s. The latest rescue plan entails annual savings of £18m through cost cuts, productivity improvements and about 200 voluntary redundancies, already carried out. The package is to include a grant of £140m and £101m of loan guarantees.

In the Dail, the Irish parliament, there is little sign of opposition to the plan. The move was also welcomed by unions.

The survival is a big issue in an area which has already suffered the closure of the town's two principal foreign investors - Dunlop and Ford. The local shipyard has failed to win orders, losing out to shipbuilders from Scandinavia and South-East Asia.

John Murray Brown reports on the obstacles to Ireland's efforts to save its only steel mill

All the main parties promised to save the steel plant during two crucial by-elections in Cork last November.

Mr Bruton said this week: "It was for the company to deliver on the viability plan. Without a radical restructuring, Irish Steel was always unlikely to achieve long-term viability."

The management is forecasting a net profit of £12.1m by 1996-97, compared with a loss of £13.7m for 1993-94. The company is prepared for a loss of £17.3m in 1994-95. The government is expected to inject £11m this year, £25m in 1996 and £29m in 1997.

After meeting the EU Commissioner Mr Karel Van Miert earlier this year in Brussels, Irish union officials are confident the Commission will be in favour of the package. The Commission has recently approved state support for plants in Germany and Italy.

Irish Steel points out that the labour force has already made a massive adjustment, agreeing to redundancies, the introduction of flexible work practices, and a three-year wages freeze, all of which has resulted in a 50 per cent cut in labour costs, according to Mr Leslie Buckley, the chief executive.

The company is also engaged in technology improvements to produce a higher grade product. Of the rescue package, £131m is earmarked for capital investment to upgrade the rolling mill. Irish Steel believes this may be the real reason for the concerns of the British producers.

The unions have now also agreed in principle to a sale of government shares to a foreign partner. Approaches have already been made to Rivin of Italy. Officials say Irish Steel is in discussions with four other foreign companies. Mr Bruton said this week the government would not limit the stakes.

Mr Pat Dineen, the insurance executive who took over as Irish Steel chairman last May, added one caveat: "In any deal we do, we will copper fasten the jobs."

With rumblings from the British steel industry, the rescue plan has assumed wider political significance, coming as it does at an awkward time in Anglo-Irish relations with the Northern Ireland peace process delicately balanced.

The UK's Department of Trade and Industry says it is monitoring developments. Mr Dineen said: "We've heard noises too, but we hope British Steel will not be against competition."

Striking French seamen lifted their 24-hour blockade of the port of Calais yesterday after the French government appointed a mediator. The seamen's action had forced ferries from Dover to travel instead to the Belgian port of Zeebrugge.

The French seamen's unions said they would await negotiations with the mediator on Monday before considering further steps, but could not rule out further industrial action at French ports.

They are protesting at the use of cheap Polish crews by Meridian, a small British ferry line which operates freight services between Folkestone and Boulogne.

At present most ferry crews within EU countries are nationals. Member states demand that foreign nationals be employed only when the company can demonstrate that they are the most suitable for the post.

Meridian was breaking no UK or European Union laws in employing the seamen.

In the UK the RMT transport union warned that the use of foreign nationals by Meridian could be the "thin edge of the wedge" with other British ferry operators following suit.

Polish seamen are playing an increasingly important role in crewing ferries around Britain's coast because of their relative cheapness and because they are reliable and well-trained.

But they are only one group of "foreign" seamen employed in north European waters, with Spanish crew also accounting for a large share of crew numbers. In the Baltic, Estonians and Latvians are finding increasing employment.

Poles account for about 40 per cent of crew numbers on Irish Sea freight and passenger ferries, with a similar number of British seamen and 20 per cent Spanish crew members.

Poles can be hired for £25-£30 a day compared with £60-£70 for a British seaman and even higher rates for French crews, according to Clyde Marine, a leading manning agency. French seamen have been protected by their employment legislation in the past but are coming under growing commercial pressure to fall into line.

A French able seaman can earn £17,000-£18,000 a year compared with £14,000-£15,000 for his British counterpart.

British pay rates have come under pressure from competition between the ferry companies and the opening of the Channel tunnel, and have fallen from £80-£100 a day a few years ago, said Mr David Livingstone, managing director of Clyde Marine.

The French government said it was pushing for a code of good conduct, under which European Union ship- ping companies would only employ staff from EU states and would set standards for working conditions and payment. The Transport Ministry accepted, however, that France had not received much support for the idea, which is due to be discussed at the EU Council of Ministers in Brussels in March.

French seamen lift blockade of Calais

By Charles Batchelor and Lisa Wood in London and John Ridding in Paris

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INTERNATIONAL NEWS DIGEST

Mexico exports surge by 35%

A surge in exports led to a 69 per cent fall in Mexico's trade deficit during January, a sign that the devaluation of the peso has increased the competitiveness of Mexican exports. In January 1995, Mexico's trade deficit was \$450m, down from \$1.46bn in January 1994. Exports were up by 35.4 per cent to \$5.54bn, while the growth in imports slowed to a modest 7.9 per cent, coming in at \$5.98bn. Analysts said imports should fall further during February as the recession begins to take effect.

Demand is also being slowed by high inflation, which continued to grow in the first two weeks of February. According to the central bank, prices increased 2.5 per cent - an annual rate of 70 per cent, against a government projection of 30 per cent. Fears about inflation and recession pushed both the Mexican stock market and the peso down yesterday. At midday the main IPC index of the stock market was down 1.71 per cent, while the peso was trading at 5.835 to the US dollar, against Thursday's close of 5.885. *Ted Bardacke, Mexico City*

US orders surprisingly strong

US economic growth is likely to remain robust, strong figures for industrial orders indicated yesterday. The Commerce Department said new orders for US durable goods rose 0.6 per cent last month, bringing the gain in the past three months to 6.1 per cent. In the past year orders have risen 10.6 per cent. The figures surprised many Wall Street analysts who believe the economy is slowing and had predicted a 0.3 per cent decline in orders. Orders for transport equipment, volatile on a monthly basis, fell 5 per cent between December and January. But this was offset by a 7.2 per cent gain in orders for industrial machinery and equipment. The figures pointed to continued solid growth of domestic investment. Orders for non-defence capital goods, excluding aircraft, a guide to civilian investment plans, rose 5.8 per cent last month, more than offsetting declines in November and December. *Michael Prouse, Washington*

French GDP rose 2.5% in 1994

The French economy grew by 2.5 per cent in 1994, following a strong investment and export performance in the final quarter of the year, according to figures released yesterday by Insee, the national statistics institute. The rise in GDP was stronger than initial government forecasts of 2 per cent, reflecting a strong rebound from the recession of 1992-93. Expansion has been driven by exports, and increasingly by investment, both of which were important factors in the quarterly growth rate of 0.6 per cent in the October-December period. Economists expressed a note of caution, however, about the strength of recovery, noting that consumer spending fell significantly in January. Insee also said consumer prices rose by 0.3 per cent in January, compared with December. The increase gave an annualised inflation rate of 1.7 per cent. *John Ridding, Paris*

Manila peso under pressure

The Philippine peso came under severe pressure yesterday, hitting a five-month low, in spite of central bank support. The weakness reflects fears that it is one of the more vulnerable currencies in south-east Asia and could be headed for a Mexico-style collapse of confidence. Within the first hour of trading yesterday the peso breached the Philippine central bank's 15 per cent "volatility band", triggering a two-hour suspension of activity, having dropped to 26 pesos from the opening rate of 25.5. At close the peso had recovered slightly to 25.9 per dollar. In response, Mr Gabriel Singson, governor of Bangko Sentral of the Philippines, raised the interest rate on overnight borrowing from 15 per cent to 25 per cent and called a meeting of the Monetary Board last night. Mr Singson denied claims that the Philippine currency was heading for a Mexican-style collapse, stressing that the Philippine economy was healthy. *Edward Luce, Manila*

Russian duma passes budget

The lower house of Russia's parliament yesterday approved the third reading of the government's 1995 budget, removing one of the biggest impediments blocking a \$6.25bn loan from the International Monetary Fund. Despite hearing forceful arguments from the agrarian lobby for bigger subsidies, parliament approved the budget by 288 votes to 93 - a sufficiently large margin to suggest that the fourth and final reading will be a mere formality. Mr Vladimir Panskov, finance minister, said he thought the decision would have a "very positive effect" on the talks with the IMF which recommenced in Moscow yesterday.

The spending limits set by the budget may soon come under pressure if Russia's coal miners carry out threats of industrial action. The miners, who were due to start an indefinite strike next Wednesday, appear to have postponed strike action for two weeks after the government granted the industry more funds. *John Thornhill, Moscow*

Temporary reprieve for finrand

Prospects for early abolition of South Africa's two-tier currency system receded yesterday after a week of mounting speculation. Mr Chris Liebenberg, the minister of finance, said political stability had to be assured if the financial rand, introduced to prevent capital flight, was to be scrapped. "If you want economic growth, then you must have political stability," he said. "We must have certainty. And with one party not in parliament we certainly cannot bring about stability." Mr Liebenberg was referring to the decision on Tuesday by Chief Mangosuthu Buthe, the leader of the Zulu-based Inkatha Freedom party, to boycott parliament for at least two weeks in protest at the "betrayal" of the other two parties in the government of national unity. The minister said that he quoted the present tension to show that the political situation remained fluid. He still believed that the financial rand should be abolished some time this year. It weakened slightly against the dollar to close at R3.875 having touched an all time low on 3.77 per cent of Thursday. Dealers said that the market still believed that the financial rand had to be scrapped fairly soon. *Roger Matthews, Cape Town*

Mannesmann director quits

The former chief executive of Mannesmann, one of Germany's best-known engineering groups, resigned from the company's supervisory board yesterday because of a public prosecutor's investigation into alleged wrongdoing. Mr Werner Dieter said he was resigning because he wanted to "keep Mannesmann out of this investigation". The prosecutor is investigating allegations that Mr Dieter abused his position as chief executive by forcing Rexroth, a Mannesmann subsidiary, to buy hydraulic equipment from Hydac, a company owned by Mr Dieter's family. Mr Dieter was chief executive of Mannesmann from 1985 until he retired last year. He said yesterday dealings between the two companies had always been "at arms' length and totally correct". *Michael Lindemann, Bonn*

Germany outlaws Nazi groups

The German government yesterday outlawed two extreme right-wing groups, saying they bore a resemblance to the Nazi party and were therefore unconstitutional. Mr Manfred Kanther used his powers as interior minister to ban the 430-strong *Freiheitliche Deutsche Arbeiterpartei* (FAP) following a ruling by the constitutional court that it was not a political party. The smaller *Nationale Liste* (NL) in Hamburg was also banned. *Michael Lindemann, Bonn*

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Villengraben 2, 80318 Frankfurt am Main, Germany. Telephone +49 (0) 69 550 550, Fax +49 (0) 69 550 4881, Telex 410195. Registered in Frankfurt by J. Walter Beutel, Wilhelm J. Bräuer, Colin A. Kennard as Geschäftsführer and in London by David C.M. Bell, Chairman, and Alan C. Miller, Deputy Chairman. Shareholders of The Financial Times (Europe) GmbH are The Financial Times (Europe) Ltd, London and F.T. (Germany) Advertising Ltd, London. Shareholder of the above mentioned two companies is The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL, GERMANY.

Responsible for Advertising: Colin A. Kennard. Printer: DVM Druck-Vertrieb und Marketing GmbH, Admiral-Rosenblat-Strasse 32, 63263 Non-Lietzen (near) by Hürup International. ISSN 0174-7763. Responsible Editor: Richard Lambert. The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL, FRANCE. Publishing Director: D. Good, 188 Rue de Valenciennes, F-93024 Paris Cedex 01. Telephone (01) 4297-0621, Fax (01) 4297-0629, Printer: S.A. Nord Eclair, 1921 Rue de Caen, F-91000 Evry-Courcouronnes. Richard Lambert. ISSN 1146-7753. Commission Paritaire No 67808D.

SWEDEN. Responsible Publisher: Hugh Carver, 368 vlf 6095, Private: AB Kvistgårdens Expressen, PO Box 6007, S-250 06 Jönköping. The Financial Times Limited 1995. Editor: Richard Lambert. The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.

NEWS: INTERNATIONAL

Clinton to review affirmative action

By George Graham in Washington

President Bill Clinton has ordered an urgent review of all US affirmative action programmes, bringing to the centre of the political arena the issue of how far the government can go in helping disadvantaged groups without falling into a policy of reverse discrimination.

Mr Clinton is seeking to head off an assault on affirmative action to help groups such as racial minorities and women that has been signalled by the Republican leaders of Congress, Mr Newt Gingrich and Senator Robert Dole.

The White House wants to defend the principle of affirmative action as a remedy against discrimination, but is anxious to weed out programmes that

would make easy targets for the Republicans, who are eager to find a wedge to split the Democrats and white voters by painting the party as defenders of unfair quotas and race-based set-asides.

"The president wants to make sure that we stand against any attempt to use race as a wedge issue, to make sure that where there is discrimination, affirmative remedies apply," said Mr George Stephanopoulos, a White House spokesman.

Mr Clinton indicated this week that rolling back affirmative action would be one of his priorities once the House has finished its 100-day drive to pass the 10 bills included in the Republicans' Contract with America manifesto.

Mr Dole, meanwhile, has launched a Senate taskforce to

examine a list compiled for him by the Congressional Research Service of more than 150 programmes which offer some kind of preference on the basis of race or gender.

Preferences range from a requirement that "special consideration" be given to historically black universities when the Department of Education makes grants for teacher training, to an obligation for federally aided airport operators to ensure, "to the maximum extent practicable", that at least 10 per cent of their contracts be placed with "small business concerns owned and controlled by a socially and economically disadvantaged individual".

That definition has been presumed to apply to black, Hispanic, native American and Asian-Pacific entrepreneurs.

Actual numerical quotas are rare and usually carry some let-out clause, but the list of programmes requiring "positive efforts" or "encouragement" to minority individuals is long.

The politics of affirmative action are especially difficult for Mr Clinton and the Democrats.

Some of the president's most effective speeches have focused on the importance of not allowing race to divide the US and the administration cannot afford to alienate black and liberal voters who are central to the Democratic base.

But Mr Clinton also needs to recapture some of the more conservative voters, resentful of racial quotas, who backed him in 1992 but deserted the Democrats in last year's congressional elections especially

white males, of whom 62 per cent voted Republican in November.

In a series of rulings in the 1970s and 1980s the Supreme Court upheld the legality of affirmative action programmes when used carefully to remedy past or continuing discrimination, but dismissed rigid numerical quotas.

President Clinton has continued to argue for that approach. But a growing number of white Americans believe that discrimination no longer exists in the US, and that past discrimination lies so far back in history that it no longer deserves to be remedied by affirmative action.

The Supreme Court, now more conservative than it was in the 1980s, may move in the direction of that belief when it decides in the next few months

on a case brought by a white building contractor. He complained of unconstitutional discrimination when the Transportation Department awarded a road guardrail contract to a Hispanic company even though it had submitted a higher bid.

A small, but also growing, number of black Americans also reject affirmative action as perpetuating an assumption of black inferiority by denying them the opportunity to achieve something on their own merits.

They include veterans of the 1960s civil rights movement who fear that affirmative action runs counter to Dr Martin Luther King's dream "that my four little children will one day live in a nation where they will not be judged by the colour of their skin but by the content of their character."

US in \$4bn energy deals with China

By Tony Walker in Beijing

US companies yesterday signed \$4bn (£2.5bn) worth of agreements with Chinese counterparts in the energy and environmental sectors as part of a drive to establish dominance among foreign suppliers to China's power industry.

But representatives of international power companies were sceptical about the results from the high-profile mission led by Mrs Hazel O'Leary, the US energy secretary, and suggested that a relatively small number of the 26 agreements would come to fruition.

This figure includes \$2bn in electric power generation, \$1.4bn in coal projects, \$500m in renewable energy, \$120m in energy efficiency, and \$31.5m in oil and gas.

Among larger projects was a letter of intent signed by Energy Initiatives of the US, Intersol International and the Sichuan Electric Power Company for the construction of a 1,500MW coal-fired power plant in south-west China. The deal would be worth an estimated \$1.2bn.

Other important signings included a \$500m multi-plant licensing agreement between Texaco and the Ministry of Chemical Industry (SINOPEC) to supply nine gasifiers.

US power sector executives believe attention is focusing too narrowly on the rate of return issue. Mr Nathaniel Woodson of Westinghouse said the argument should be about "change and deregulation" of the power sector so that the market could decide a fair price for electricity.

Japan's imported beer craze goes flat

By Emiko Terazono in Tokyo

Imported beer, the toast of Japan last year during a long hot summer, has suddenly fallen out of fashion, prompting a brutal discounting war among overstocked retailers.

Japanese retailers had presumed that drinkers were changing the habits of a lifetime and taking to foreign brews, but they seriously miscalculated the country's thirst.

Dai-ichi, the country's largest supermarket chain, has a bad hangover. "Please! Buy it," pleaded a full page advertisement by Dai-ichi, referring to the company's Belgian brands.



Jean Chrétien applauds President Clinton after his address to the Canadian parliament

CLINTON AND CHRETIEN SIGN OPEN SKIES DEAL

US-Canada air traffic will be opened to virtually unrestricted competition under an "open-skies" treaty signed by President Bill Clinton and Canada's prime minister Mr Jean Chrétien in Ottawa yesterday, Bernard Simon reports from Toronto.

The agreement will free airlines to offer cross-border flights to whichever cities they want. Services to the busiest air-

ports, such as New York's La Guardia, will be phased in, and will be subject to availability of landing slots.

Neither country's carriers will be allowed however, to operate domestic services on the other side of the border. Air Canada is expected to use the agreement to start an hourly shuttle between Toronto and New York, and to start services to several other US cities.

US airlines have indicated that they will expand services to Toronto, Montreal and Vancouver. In addition, several low-cost regional carriers are expected to enter the market with cut-price fares.

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Beijing will adapt Hong Kong legislation

By Simon Holberton in Hong Kong

The British government has accepted that there will be legal vacuum in Hong Kong when the colony passes to Chinese rule in 1997, a Hong Kong official said yesterday.

The official said that China told the UK in December that it would not accept attempts made by the British to adapt Hong Kong's laws before the change in sovereignty.

It is unclear how long Beijing will take to adapt Hong Kong's laws. But it has been reported that the first two days of July 1997 will be declared public holidays; this may allow time for a special sitting of the colony's legislature to pass the necessary amendments.

The official said the Hong Kong and British governments would attempt to sort out all the problems involved in adapting Hong Kong's laws before the handover. These solutions would be passed to the incoming administration for early action, he said.

The Hong Kong official said this in no way meant that Britain recognised China's plan to amend in 1997 the result of this year's elections for the Legislative Council (LegCo), Hong Kong's law making body. China has said it will sack those elected and replace them with a provisional LegCo.

"To assume we explicitly or implicitly recognise a 'provisional' legislature is bizarre," he said. "A perfectly good LegCo will be elected in 1995 and it should straddle 1997."

Microsoft 'bully tactics' broke antitrust laws, says Apple

By Louise Kehoe in San Francisco

Microsoft, the world's largest computer software company, is facing a fresh row in the US over its alleged "bullying tactics" toward competitors in the software market.

Apple Computer has accused Bill Gates, chairman of Microsoft, and other senior Microsoft executives of serious antitrust violations in "threats" allegedly made to Apple executives during a meeting in January.

Apple's accusations, denied by Microsoft, were made in a letter to US District Judge Stanley Sporkin, who, two weeks ago rejected Microsoft's settlement of antitrust charges brought by the Justice Department. The letter, dated February 13, was released by the court this week.

Apple's Macintosh computer is the only widely used personal computer that does not use Microsoft Windows operating system. However, Microsoft

is the largest supplier of application programmes for the Macintosh.

The Microsoft programmes are critical to Apple's efforts to compete with manufacturers of "IBM-compatible" PCs that run the Windows system.

In sworn statements, Apple executives charge that at a January meeting of top executives from both companies, Mr Gates threatened to cease development of software for the Apple Macintosh unless Apple dropped development of OpenDoc, a software development system that competes with Microsoft's Object Linking and Embedding (OLE) technology.

Apple also alleges that Microsoft attempted to limit its early access to "Windows 95", a new version of the widely-used PC operating system programme, contingent upon Apple dropping copyright infringement claims against Microsoft.

Microsoft holds a near

monopoly in the market for PC operating system software and critics charge that the company has used this power to expand in other software sectors in violation of US antitrust laws.

If carried out, Microsoft's alleged threats would be "commercially devastating" for Apple, the company said in its letter to Judge Sporkin.

Mr Gates responded last Thursday in a letter to Mr Michael Spindler, Apple chairman and chief executive, denying the charges and accusing Apple of misrepresenting the facts. "I am writing to make it clear how disappointed I am in the lack of candour and honesty Apple has shown in dealing with Microsoft during the last several months," he said.

"We have always made our commitment to the Macintosh very clear," said Mr Gates. "This commitment has continued despite the copyright lawsuit which Apple brought against all Windows software

and lost, and despite the fact that Apple has treated Microsoft less favourably than other Mac (intosh software) developers on dozens of occasions."

Microsoft executives said that they were "shocked and dumbfounded" by Apple's interpretation of their remarks during the January meeting. "We never said that they should drop development of OpenDoc," said Roger Heinen, Microsoft senior vice president. "We discussed the need to make it easier to make the two systems work together better."

Neither, he claimed, did Microsoft say that it would cease development of Macintosh application programmes.

Microsoft also maintains that Apple has rebuffed its attempts to hold meetings to discuss the latest copyright dispute. Mr Spindler reneged on a promise to contact Mr Gates concerning the case, Microsoft claimed.

The rift between Apple and Microsoft could be damaging to both companies.

Luck runs out for big-time uranium gambler

Ken Gooding on the financial meltdown of an overambitious international trading empire

Mr Oren Benton is generally a reclusive and private individual. He gained some global notoriety when he loaded 100 head of cattle from his ranch in Colorado on to a Federal Express jet and shipped them off to Russia as a gift to the government.

The Denver entrepreneur's Nuexco uranium trading organisation once claimed to be the biggest in the world, and virtually reinvented the business by bringing to the west uranium from the vast Russian stockpiles. He once said his efforts had earned \$500m of desperately needed hard currency for Russia.

But his uranium trading empire has gone into financial meltdown with debts of between \$400m and \$500m, owed mainly to companies in Russia, China and the UK.

Mr Benton's empire collapsed because of a colossal gamble, rival traders suggested yesterday. They said Nuexco in

the past two years borrowed 30m pounds of uranium from nuclear power companies with excess stocks.

He expected to be able to repay the utilities with cheap Russian uranium. But the US government, reacting to claims from domestic uranium mining companies that Russian uranium was being dumped in the US placed severe restrictions on Russian uranium imports.

Nuexco could not buy uranium from other parts of the world without driving up the price and suffering substantial losses.

Mr Benton admitted last December the US import restrictions had hurt Nuexco's cash position and cost it substantial profits. The company was blocked from continuing its lucrative practice of importing Russian uranium, taking quick payment from western customers, and then delaying payment to Russia for as long as possible, allowing him to invest the cash.

That policy did not go down well with the Russians and traders suggest Nuexco's business with Russia had been dwindling for some time. "The Russians have learned to do much more of the uranium business for themselves. This won't damage their ability to trade with the west," said one.

In a filing with the US Bankruptcy Court, Mr Benton said he owed \$180m to Tenex, a Moscow-based arm of the Russian Ministry of Atomic Energy, \$70m to China Nuclear Energy Industry Corporation, \$11.7m to Washington Public Power Supply System, and about \$34m to British Nuclear Fuels. BNF said it had paid \$25m in advance to Nuexco for the supply of uranium.

Some traders hoped Mr Benton's financial difficulties would help the spot price of uranium recover from very depressed levels. His problems have been well known in the business for some months and the spot price already has

ticked up from \$9 to \$10 a lb.

The uranium industry has been in the doldrums for a long time. Prices peaked at \$45 a lb in 1978, when oil costs were rising sharply and demand for nuclear energy was expected to grow - the only large-scale application of uranium is as a nuclear fuel.

Over-optimistic forecasts of demand contributed to the build-up of nearly 30,000 tonnes of surplus uranium in stocks at power companies in the 1980s.

The market deteriorated further when brokers and other intermediaries were allowed to sell some of this uranium to new consumers. Then Nuexco and other brokers also gained access to uranium stockpiles in the Commonwealth of Independent States, as the new republics became desperate for hard currency earnings.

A great deal of uranium is still sold directly by producers to consumers on long-term contracts, but enough is sold in the free market for the US and

Europe to worry about the market's over-dependence on CIS material. Other countries have followed the US lead and curbed CIS imports.

Consequently, a two-tier price system has developed, with CIS material fetching a lower price.

At today's \$10 a lb, only the lowest-cost mines in Australia and Canada can break even. However, some producers have unbreakable long term contracts to supply utilities at higher prices, even above \$20 a lb. As a result, some producers have given way to the temptation to close mines temporarily and buy uranium in the free market instead.

Nuexco is only one part of Mr Benton's complex and mainly private business empire. Born in Iowa nearly 61 years ago, he worked for the Arthur Andersen accounting firm for nearly 20 years from 1967 before joining Denver mining entrepreneur Mr Robert Adams in 1978.

He formed his Concord holding company in 1982 after Mr Adams died. Last year he claimed Concord, a loose affiliation of about 30 companies in mining, technology, manufacturing and banking, had annual revenues of about \$500m and employed 1,500 worldwide.

Until recently, Mr Benton, his wife and six daughters were considered one of the wealthiest families in Colorado, itself a rich state. He could not prevent some intrusion into his private life after he became part-owner of the Colorado Rockies baseball team.

There were suggestions yesterday that the US baseball strike which cut short a successful season for the Rockies also cut into Mr Benton's cash flow at a difficult time. In his bankruptcy petition, Mr Benton said his assets were worth "in excess of \$100m." But his bankruptcy attorney said: "He has no cash now."

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NEWS: UK

ICI warns on electricity price framework

By David Lascelles,
Resources Editor

Imperial Chemical Industries, the UK's largest electricity consumer, threatened yesterday to press for a monopoly inquiry into the electricity supply industry unless prices start to fall this year.

ICI said the mishandling of the privatisation of electricity industry was costing consumers £1.5bn (£2.38bn) a year because of insufficient competition and weak regulation.

It has claimed in the past that electricity prices for large users have

risen by 50 per cent since the 1990 sell-off.

"Something is out of kilter when a generator like National Power can lose 30 per cent of its market share since privatisation and yet still increase its profit by 60 per cent," said Mr Bryan Bulloch, power services manager at ICI Chlor Chemicals in Runcorn, Cheshire.

"It is now vital to get the industry back into the situation where customers can get a fair, competitive deal on prices in the way they can in any normal market place," he added.

If there were no signs of a satisfac-

tory solution during 1995, ICI would have no alternative but to press hard for a Monopolies and Mergers Commission investigation leading to the restructuring of the electricity supply industry, he told an energy conference in London.

This is the second time ICI has raised the issue. Last year a similar call led to Professor Stephen Littlechild, the electricity industry regulator, obtaining a voluntary agreement from electricity generators to "cap" prices in the wholesale market. But industry now claims that the cap has not worked.

Mr Brian Wilson, Labour industry spokesman, said Mr Bulloch's comments were "a powerful indictment, from an authoritative source, of the true cost of privatisation".

He added: "Prime minister John Major's highly dubious boasts about the benefits which electricity privatisation has brought will sound even less convincing when compared with the testimony of ICI."

The large generators have blamed recent increases in electricity prices on shortages of generating capacity caused by unexpected station shut-downs.

Prof Littlechild yesterday authorised a partial relaxation in the operating standards of the National Grid in order to reduce electricity costs by about £20m a year.

The move is part of his attempt to bring down the cost of electricity in the pool - the wholesale market which has been criticised for producing high and volatile prices.

A trial period for the new standards will begin later this year. Prof Littlechild said there would be a small increase in risk, but present standards could be resumed at a moment's notice if need be.

Leadership of Sinn Féin to face pressure

By John Murray Brown
in Dublin

Sinn Féin, the IRA's political wing, holds its Ard Fheis or national convention today, when the party leadership is expected to come under growing rank and file pressure to secure further British concessions in the Northern Ireland peace process.

The two-day meeting, which Sinn Féin president Gerry Adams will address this afternoon is not expected to give a formal response to proposals for all party talks published this week by the London and Dublin governments.

Mr Adams, while welcoming the joint "Framework for Agreement," says that the problem is not the "governance" of Northern Ireland but its very "existence."

British officials hope the document's concessions to nationalism will encourage the IRA to move on the arms issue. Without substantial progress, the government believes it will be difficult to persuade unionists to participate in the all party talks process.

In a related development, the Irish government yesterday tried to win over unionists in the latest session of Dublin's Forum for Peace and Reconciliation.

In a debate on the obstacles to reconciliation between Catholics and Protestants, Irish politicians agreed on the need to end the Catholic Angelus on RTE, state radio and television. On divorce and abortion legislation there was also consensus. However one Irish party leader suggested the national

The Irish government is sending out the latest UK-Irish peace proposals for Northern Ireland on the Internet, the worldwide computer network.

The foreign ministry said the framework document launched by Britain and Ireland on Wednesday would be distributed on the Net so any of the world's 70m Irish-descended people could read it. It is also printing 120,000 copies to be distributed at libraries, post offices and schools free of charge.

anthem - the republican-influenced "Soldier's Song" - could be replaced by "A Nation Once Again."

The proposal by Bertie Ahern, leader of the main opposition Fianna Fáil party, is hardly likely to appeal to unionists, after the publication of a framework document which they say subverts the union and leads to Irish unity.

In the wake of a row in Belfast about the playing of the British national anthem at Queen's university, Progressive Democrat leader Mary Harney said it would be appropriate to end the use of the Soldier's Song at sporting events where teams are picked on an all-Ireland basis.

A multi-million pound European Commission package of funding for Northern Ireland is expected to be announced next week. The money will be on top of the £240m peace dividend set up by former Commission President Jacques Delors and on top of the £600m five-year programme of EC expenditure in the province.

Major again rejects devolution

By James Buxton,
Scottish Correspondent

Mr John Major last night made an impassioned plea to Scots to reject the idea of a devolved parliament for Scotland and preserve the union of the UK.

He argued that there was no contradiction between his opposition to devolution for Scotland and the government's proposals for a devolved assembly for Northern Ireland.

In a speech to Scottish Conservatives in Glasgow he warned that the tax raising powers or the establishment of a new parliament in Edinburgh if it wins the next general election could eventually lead to Scotland becoming independent.

"If the people of Scotland ever decided they wished to leave the UK they would do so. We could not stop them." But he would argue that it was not in their interests to do so.

Mr Major insisted that the cases of devolution for Scotland and Northern Ireland were completely different. Northern Ireland was riven by a deep sectarian divide, with 250 years of suspicion followed by 25 years of killing. Scotland had had three centuries of peace, prosperity and growing influence in the world.

Legislation for Northern Ireland was largely enacted by order in council, and there was only the most limited degree of local government in Northern Ireland.

Mr Major said a significant minority of people in Northern Ireland wanted to become part of another foreign country, Ireland. "In that context the idea of an assembly offers the chance of stability and harmony." But in Scotland separatists saw a Scottish parliament as a means to achieve their ultimate goal of complete independence.



The prime minister is shown round an NEC plant in Livingston, Scotland, yesterday. Pictures by WireImage

A government defeat in the Commons over European Union policy edged closer yesterday after more than half of the Conservative Euro-rebels threatened to withdraw support from their party in a vote next week.

With the Tory majority in the Commons under growing pressure over policies on Europe and Ireland, most of the nine Euro-rebel MPs said they would either vote against the government or abstain on a motion to be put forward by Labour next Wednesday. Six of the nine showed little inclination to support the government and one, Sir Richard Body, said "in all probability" he would vote with Labour.

The proposed Northern Ireland assembly would not have the tax raising powers proposed for a Scottish parliament.

The prime minister said the case against devolution was both emotional and pragmatic. He did not want to see the

Scottish people "sleepwalking into a decision which would damage and weaken Scotland."

A Scottish parliament would have powers to raise an extra 3p in the pound on income tax, which would be 25 for every family. But, he said, "like Oliver Twist" it would ask for

more. When Scotland wanted more expenditure the Westminster parliament would probably say: "Yes - but you raise it in Scotland."

A Scottish parliament, he feared, would "come into conflict with Westminster" over taxation and spending.

Part-time threat to profit schemes

By Andrew Bolger,
Employment Correspondent

A move to give part-time employees the same rights as full-timers threatens a significant number of profit-related pay schemes.

The schemes at risk from a recent amendment to the Finance Bill going through parliament are in businesses - such as high street retailers and fast-food outlets - which employ a large proportion of part-time staff and replace part of salaries with profit-related pay.

Mr Peter Duffell, a chartered accountant specialising in pay schemes, says about 100,000 of the more than 2m employees who receive profit-related pay are likely to be affected.

Under existing legislation, 20 per cent of a salary, up to £4,000 (£6,380) per year, can be paid tax-free. Typically an employee's salary might be reduced by 20 per cent and be replaced by 17.18 per cent of the salary paid tax-free.

Tax relief means that although gross pay is reduced, the employee is likely to be 3-4 per cent better off in terms of net take-home pay and has the expectation of receiving a further lump-sum payment after the end of the year, depending upon the employer's profits.

This works well for employee and employer only where employees pay tax. To register and maintain a salary substitution scheme, 80 per cent of employees must agree to participate. Part-timers who work fewer than 20 hours per week can be excluded from the 80 per cent test.

As a result of the proposed change to the Finance Bill, employers would no longer be able to exclude this category of staff from being eligible to join their schemes. Where part-timers make up more than 20 per cent of staff, it is likely they will not agree to participate, so existing schemes will not be able to be registered.

Sharp improvement seen in non-EU trade deficit

By Gillian Tett,
Economics Staff

Britain's trade deficit with countries outside the European Union improved sharply in January, official figures yesterday showed.

But although the monthly improvement heartened the City, which had been alarmed by a dramatic increase in the deficit in December, the figures pointed to a significant underlying shift in the trade trend.

After a year in which imports had remained relatively subdued, imports appear to have risen significantly in recent months. Consequently, the Central Statistical Office warned that the underlying trade trend was worsening - in spite of the monthly improvement in January and the recent, dramatic surge in the levels of exports.

"The trend in the visible balance may now indicate a widening of the deficit," the CSO said - a comment in sharp contrast to recent months, when the trend in the deficit has generally been downward. Overall, the data showed the UK's trade deficit with non-EU countries in January was a seasonally adjusted £303m (£478.74m).

This was roughly the same level as in the months between July and November last year, after taking into account the fact all the trade figures have now been revised to exclude Sweden, Finland and Austria. Although these countries used to be included in non-EU trade, the CSO excluded them from the data for the first time yesterday, following these countries' admission into the EU.

However, January's trade deficit was considerably better than December's deficit, which had surged to £913m.

The CSO itself yesterday said that most of this unexpected swing in December had been due to the impact of an erratic import of works of art. Consequently, the value of imports fell back between December and January, as the impact of this sale fell out of the figures. Nevertheless, in spite of this monthly swing, the CSO pointed out that the underlying trend still suggested that imports across a range of sectors were now rising. This trend is broadly in line with City expectations.

VALUE OF TRADE WITH NON-EU COUNTRIES Balance of payments basis, seasonally adjusted £m					
	Exports	Imports	Balance	Exports	Imports
1993	32,540	30,123	2,417	31,721	29,385
1994	37,701	32,486	5,215	36,892	34,446
1994 Q1	13,814	13,748	666	12,620	12,540
Q2	14,285	13,344	941	12,721	13,389
Q3	14,816	13,778	1,038	12,724	13,822
Q4	14,686	14,817	-1,131	12,726	13,987
July	4,856	5,272	-416	4,422	4,603
August	4,850	5,274	-424	4,423	4,587
September	4,861	5,175	-314	4,426	4,479
October	4,853	5,138	-285	4,424	4,507
November	5,072	5,384	-312	4,412	4,582
December	4,761	5,874	-1,113	4,422	4,603
1995					
January	4,941	5,244	-303	4,426	4,531

Based on ships, aircraft, post, parcels, express and other. Excludes CSO.

Under the scheme launched yesterday, Tesco will detail production - demands in advance to farmers and promise to buy a fixed quantity of fresh produce at a guaranteed price.

Producer Contracts, as the programme which goes on trial this summer is called, marks the closer involvement of retailers in production spreading into the agricultural sector.

The initiative will be tested in the UK this season with four of Tesco's suppliers on a limited range of fresh produce. If the trial proves a success, Tesco, which buys more than £1bn worth of fresh produce per year and £5bn worth of British farm produce, plans to expand the scheme. Within three years, over half Tesco's fruit and vegetables could be bought under producer contract.

Tesco also says that if successful the scheme could be rolled out to include farmers in Europe.

Farmers to have direct contracts with supermarket

By James Harding

Supermarket chain Tesco has become the first UK food retailer to introduce direct producer contracts with farmers.

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Tesco also says that if successful the scheme could be rolled out to include farmers in Europe.

Within a Tesco producer contract, growers will make an agreement for a volume of produce each season, broken down to volumes delivered each week. This will be about 85 per cent of their programme for the vegetable.

Tesco will guarantee a constant minimum price for the produce following discussions with the grower. If the retail price rises, Tesco has agreed to arrange a profit share with producers. Whatever happens to the market price, however, Tesco will still pay the agreed minimum.

But regulatory and political risks are casting clouds over the issue. Professor Stephen Littlechild, the electricity regulator, obviously is coming under intense pressure to take a tougher line on the privatised utilities.

The generators' failure to make substantial progress on disposing of 6,000MW of generating capacity could be used as an excuse to refer them to the Monopolies and Mergers Commission next year.

The political risk is intensifying because the Labour party has gained support for its promise to tax utilities, and is likely to tighten the regulations if it wins the next election. Paddy Holford

Britain's RMT rail union yesterday failed in its High Court bid for judicial review of government plans to privatise Railtrack, the state-owned body responsible for track, signalling and stations.

Lawyers for the union, which has more than 45,000 members - some 4,500 employed by Railtrack - argued that the government has acted outside its powers, contrary to domestic and European law. Mr Justice Dyson ruled the government had not acted unlawfully and there was, therefore, no arguable case to go to a full hearing. PA News

Not only have employers not had to contribute to their employees' pensions, the pools of pension assets have been used in many cases to sweeten redundancy programmes by offering early retirement benefits to sacked workers.

The benefits of these redundancy plans have had a salutary effect on the profit and loss accounts of many employers.

UK NEWS DIGEST

US institutional investors 'set to flex muscle'

US institutional investors, who are much more likely to vote their shares than their UK counterparts, are threatening to determine some of Britain's most contentious corporate governance issues, a leading UK pension fund warned yesterday.

"The Americans are coming," said Mr Graham Allen, investment manager at Imperial Chemical Industries' £4.6bn pension fund.

Speaking at the annual investment conference of the National Association of Pension Funds, Mr Allen said: "If we are not careful, UK pension funds are in grave danger of discovering that, through their inertia, a small minority of US investors are determining the outcome of contentious issues within the companies in which they are invested."

He cited as an example of future trends the recent ousting of Mr Maurice Saatchi, chairman of the advertising and marketing group Saatchi & Saatchi, which was engineered by the company's US shareholders.

The percentage of association members voting all their shares in 1993 rose to 25 per cent, up from 20 per cent in 1990, while the percentage who do not vote at all stayed broadly unchanged at 24 per cent. Because more funds were contained in the 1993 figures, the propensity to vote is clearly on the rise, he said. Norma Cohen

Services between London and Paris have typically been 75 to 80 per cent full while trains between London and Brussels have been less than half full. Prices will start at £79 for an Apex weekend standard class return to Brussels and £84 to Paris provided a Saturday night stopover is made. These tickets must be bought at least 14 days in advance.

A new weekend return, which can be bought up to 30 minutes before departure, will be offered at £125. Senior citizens with a Rail Europe Senior card will be able to buy standard return tickets costing £104 to Paris and £39 to Brussels while youth returns for people under 26 years will be available at £84 and £79 respectively. Charles Batchelor

Film studio project plan

The establishment of a film studio to rival Pinewood and Shepperton, the UK's two largest studios, is planned by Millennium Group, an offshore company registered in the British Virgin Islands, with financial backing from Malaysia.

The company has an option to purchase the Leavesden Aerodrome from Rolls Royce plc, the aerospace company, for about £40m to develop a film and TV studio production complex.

Leavesden Aerodrome, on 286 acres of land near Watford, was converted into film studios by Eon Productions last year for the new James Bond film Goldeneye, which is currently in production, as both Pinewood and Shepperton were fully booked. The proposed 600,000 sq ft development, Third Millennium Studios, would serve as a permanent base for Eon Productions and James Bond films. Scheherazade Daneshkhu

3m register in power sale

Share the power, urges the advertisement for the £4m sale of shares in the UK's electricity generators. Private investors seeking to follow that advice have until high noon on Wednesday. Already, more than 3m people have registered an interest in taking National Power and PowerGen shares off the government's hands.



But regulatory and political risks are casting clouds over the issue. Professor Stephen Littlechild, the electricity regulator, obviously is coming under intense pressure to take a tougher line on the privatised utilities.

The generators' failure to make substantial progress on disposing of 6,000MW of generating capacity could be used as an excuse to refer them to the Monopolies and Mergers Commission next year.

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Grey years loom for the famous final salary pension

Norma Cohen on financial problems which could lie ahead for Britain's retirees

The classic "defined benefit" pension, which pays each worker a portion of final salary after retirement, shows signs of fading from the British landscape.

Final salary pensions have been a mainstay of remuneration packages for workers and senior management in Britain's biggest companies since the end of the second world war, but a handful of pension schemes go back even further.

They have spawned an entire support industry of actuaries, consultants and fund managers, all of whom congregate annually at Eastbourne at the investment conference of the National Association of Pension Funds (NAPP) to discuss how they invest the piles of assets which generate the cash needed to pay pensions.

For years, employers have been

threatening to abandon "final salary" provision each time changes in either tax advantages or regulations have made their administration more complex. But NAPP data shows that not a single big employer has chosen to abandon final salary pensions.

But now, a proposed law requiring employers to have enough assets to meet the promises they make is giving them pause for thought. Moreover, there is the widespread view that the go-go years of the 1980s which led to fantastic returns on UK equities may have come to an end.

Those employers who have been able to finance their pensions for years without having to invest a penny of their own cash are now

having to pay up. Earlier this week, Imperial Chemical Industries announced its pension scheme was £189m short of what it needs to meet all its obligations to workers and that it will have to add that cash over the next few years.

Many of the representatives of large industrial pension schemes attending the Eastbourne conference said their boards of directors were at least discussing whether a change was necessary. The most heated debate of the conference was about exactly how much the government's proposed Minimum Solvency Requirement (MSR) would cost employers.

Mr Richard Laphorne, finance director at British Aerospace, calcu-

lated that even a scheme whose assets exceeded its liabilities by 15 per cent faced a 38 per cent chance of falling below the requirement at some time. That could prompt the employer to add significant amounts of cash, in the worst cases, within one year.

Although the government has gone to great lengths to explain how its policy would work - bolstered by the explanations of leading actuaries - employers are terrified.

Mr Laphorne also articulated one of the home truths of pension provision that many employers have been reluctant to talk about. "The UK has probably enjoyed a low cost of pensions for far too long," he said, noting that in 1993, non-wage costs were

only 27 per cent of total labour costs in the UK compared with 30 per cent in the US and 45 per cent in Holland, Germany and France.

Not only have employers not had to contribute to their employees' pensions, the pools of pension assets have been used in many cases to sweeten redundancy programmes by offering early retirement benefits to sacked workers.

The benefits of these redundancy plans have had a salutary effect on the profit and loss accounts of many employers.

If employers abandon these schemes, it is clear they will lose some flexibility. However, faced with the prospect of far duller investment returns for the foreseeable future,

employers are now finally contemplating a change.

Instead of pension payments based on final salary, employees will earn "money-purchase" pensions whose value reflects the amount of cash both the employee and employer have contributed over time as well as the investment returns.

The pensions manager at a large Midlands-based manufacturer, who asked that his company not be named, said: "We will probably be setting up a new, defined contribution scheme for new workers." The employees had not yet been told, he said.

"In 15 years' time, we will be facing a time bomb," he said, explaining that new workers will realise their pension benefits fall far short of what they are likely to need in old age.

DTI ruling makes £275m orphan assets available to shareholders

United Friendly shares surge

By Patrick Harverson

Shares of leading life assurance companies surged yesterday after the government approved plans by United Friendly to restructure its long-term life funds so that millions of pounds in surplus funds can be distributed to shareholders.

The group's shares soared 92p to 609p and other big gains were made by Britannic Assurance, up 71p to 589p, and East-Group, up 89p to 389p. Their business and structure are most comparable to United Friendly's.

United Friendly is the second life insurer to be allowed to transfer some of the profits within its fund to shareholders. In June 1992, London &

Manchester received approval from the Department of Trade and Industry to offer shareholders access to surpluses in its with-profits life funds.

The London & Manchester ruling was meant to settle the dispute over whether fund surpluses belonged to policyholders or shareholders, but the long delay in the DTI granting a second life assurance company similar approval ensured that doubts remained over the ownership of so-called "orphan assets".

Yesterday, industry analysts said the DTI's agreement with United Friendly greatly increased the likelihood that shareholders of other life assurance companies would gain access to orphan assets. Speculation that several

leading life companies would seek approval to release surplus funds to shareholders prompted a rush to buy life assurance stocks. Analysts estimated that orphan assets could total as much as £1.7bn at Britannic and £260m at Refuge. The shares of composite insurance companies with sizeable life funds also rose.

Based upon the DTI's agreement with United Friendly, orphan assets are deemed to be the surpluses on life funds above and beyond assets which have been attributed to policyholders to meet their "reasonable" expectations. In United Friendly's case, the orphan assets available to shareholders represented £275m of its more than £2bn life fund.

That money, however, will

not be paid directly to shareholders. The £275m will be kept in the fund and shareholders will receive a normalised return on it, probably in the form of a higher dividend. As one analyst said: "United Friendly's dividend could double on the back of this."

Under the deal with the DTI, shareholders previously denied access to orphan assets will now have access to 10 per cent of the excess funds from the company's with-profits business. The remaining 90 per cent will be distributed to policyholders.

Separately, United Friendly said that any compensation made in relation to the mis-selling of pensions would be paid from shareholders' assets.

See Lex

Campari to launch rescue rights issue

By Geoff Dyer

Campari International, the sportswear and leisure company which has had its shares suspended since early January, has said it is "highly likely" to launch a rescue rights issue.

The news emerged yesterday as the company announced a sweeping reorganisation of senior management, with the appointment of Mr. Pelham Allen as chairman and chief executive.

Mr. Allen is the vice chairman of FW Morgan - a timber importer and distributor based in south Wales - and has been advising the board on the restructuring.

Mr. Christopher Cheng, the former chairman, and Mr. Kit Maunsell, the former chief executive, will remain as non-executive directors.

Mr. David Palmer, managing director, is leaving the company after only taking up the post in August. He joined Campari as finance director in 1993.

Mr. Palmer will continue to advise the board until the end of March when the restructuring is expected to have been completed. "It is highly likely that there will be a rights issue in the next two or three weeks," he said. The company refused to give any more details of the restructuring.

In the six months to June 30, Campari reported a pre-tax loss of £3.96m, with a 13 per cent drop in sales, following a loss of £6.61m in the previous year. The company expects to take a restructuring charge of about £3.7m in the second half.

Campari requested on January 10 that its shares be suspended pending agreement on restructuring proposals.

Mr. Palmer said he was leaving because the reorganisation meant that the group did not need a UK-based managing director. The 30 redundancies planned in the UK will leave only a sales operation.

Distribution has been centralised in the Netherlands and the UK warehouse closed down. The finance department and the information technology function are also being moved to the Netherlands and the group's design activities will be shifted to Germany.

Hongkong camp could get half of Trafalgar

By David Wighton

More than half of Trafalgar House's share capital could be in the hands of Hongkong Land and the two companies' advisers if the conglomerate's £1.2bn bid for Northern Electric is successful.

Swire Bank Corporation, adviser to Trafalgar House, could be left with convertible shares representing 14 per cent of the fully diluted equity after underwriting the final offer.

A further 1 per cent could be held by Robert Fleming, adviser to Hongkong Land, including shares owned by the bank's fund management arm.

Hongkong Land, which currently owns 26 per cent of Trafalgar's ordinary shares, could be left with a holding of 32 per cent, assuming full conversion of preference shares.

Trafalgar's final offer is being funded partly by a £750m issue of convertible preference

shares. Hongkong Land, SSC and Fleming are committed to buying the bulk of these at 88p a share to the extent that Northern shareholders opt for the cash alternative. Since this is currently higher than the paper offer, most Northern investors are likely to opt for cash.

The underwriting is split between Hongkong Land (the first £215m), SSC (£200m), Fleming (£125m), USS (£100m) and Cazenove (£50m). It is thought that very little has been passed on to sub-underwriters since the convertibles are trading 3p below the underwritten price.

The underwriters are currently showing a notional paper loss of about £25m, though they stand to receive underwriting fees of more than £30m.

They argue that the current convertible price has been hit by Trafalgar's profit warning

and would rise if the bid succeeds.

It would not be the first time that SSC ended up owning a large stake in a client linked to Jardine Matheson.

In December, the flotation of Matheson Lloyd's investment Trust flopped leaving SSC with 45 per cent of the shares. They closed yesterday at 83p, including the warrants, compared with an issue price of 100p.

The trust's Lloyd's adviser is a joint venture between SSC and JMB, which, like Hongkong Land, is controlled by Jardine Matheson.

On Thursday, the day the final offer was announced, Robert Fleming's investment management arm bought 1.1m Trafalgar convertibles, increasing its holding of the preference shares to 8.9 per cent. It also bought 1.25m ordinary shares taking its stake to 4.24 per cent.

Changes at Clinical Computing

By Paul Taylor

Clinical Computing, the medical software group which came to the market a year ago, yesterday reorganised its senior management.

The company, whose shares were floated at 135p but which closed yesterday unchanged at their 12-month low of 60p, said Mr. Michael Gordon, one of the co-founders and formerly managing director, will be replaced by Mr. Jeremy Woon as executive chairman.

Mr. Woon, appointed chief executive in January last year, said the flotation, which will focus on developing corporate strategy, strengthening the US operations and building third-party technological and commercial relationships.

Mr. Gordon will remain a non-executive director and will become chairman of a recently established technical research subsidiary.

Mr. David Main, who became finance director in September, becomes managing director. He will retain responsibilities for the company's financial operations and focus on building Clinical's UK operations and broadening its commercial relationships within the National Health Service.

Verity doubles to £909,000 and promises final pay-out

By Heather Davidson

Verity Group, the manufacturer and distributor of loudspeakers, hi-fi and percussion instruments, yesterday announced interim profits more than doubled to £909,000.

The company, which obtained a full listing in 1993, intends to recommend a final dividend when the full-year results are announced - the last distribution was in 1988.

The pre-tax figure for the six months to December 31, up from £444,000 last time, included a £215,000 gain on the sale of Touchwood Industries. Last year's interim result saw Verity - formerly known as Wharfedale - return to profit after five years.

Group turnover was 30 per cent ahead at £15.1m (£11.6m) and earnings per share rose to 0.8p (0.2p).

Verity caused reverberations in the drumming world in December when it acquired Premier Percussion, drum kit maker to bands as diverse as Iron Maiden, Joe Loss and the Coldstream Guards. Premier had been bought out by its management from Yamaha of Japan only two years before. The cash element and



Parad Azima: expects Premier Percussion to drum up solid profit

expenses of the £185m deal were financed by a £1.5m rights issue last month.

Mr. Farid Azima, chief executive, said he expected Premier to contribute "solid profits" to the second half results.

Verity recently entered into an innovation agreement with the Defence Research Agency to develop flat speaker technology for domestic applications, as one of only two licensees worldwide.

M&G to cut staff in switch to unified computer system

By Nicholas Denton

M&G Group, the fund management company, is to introduce a new computer system over the next three years at a cost of £20m and with the loss of more than 70 jobs.

One unified system will replace 14 different computer networks, each dealing with particular financial products such as pension policies, personal equity plans or unit trusts.

The new system will remove the need for staff to spend time

navigating between different computer programmes. Having all information on a customer instantly available will also allow staff to sell additional products.

M&G is to disperse with 70 temporary staff, and expects some impact on the number of permanent employees. Some staff will be moved to deal directly with customers.

The cuts will come out of 550 administration and information technology staff at M&G's headquarters in Cheltenham.

The company is committed

to spending £2m in the current financial year as part of the £20m total to redesign computer systems and infrastructure.

It is paying IBM Consulting for the first research phase of the operation and is now selecting contractors.

M&G expects to enjoy returns from the investment after three years. The company has acted partly because of the considerable growth in personal equity plans and other new business experienced over the last 18 months.

Bourne End venture buys Marlowes

By Simon London

Bourne End Properties has bought its second joint venture with the Whitehall Fund, an investment fund managed by Goldman Sachs, to buy the Marlowes Shopping Centre in Hemel Hempstead, Hertfordshire, for £45m.

The centre is being sold by the Church Commissioners, the Church of England financing body. Earlier this month the Commissioners said they intended to sell the much larger MetroCentre shopping complex in the north-east of England and reduce their overall exposure to property.

Bourne End is investing £2.25m for a 15 per cent stake in a new off-balance sheet company which has been formed to buy the Marlowes Centre.

The Whitehall Fund will own the remainder of the equity in the new company, with debt finance coming from a £25m five-year first-rate term loan from GE Capital.

Marlowes produced rental income of £3.8m, suggesting a yield of about 8 per cent at the purchase price. However, 15 per cent of the centre is vacant and rental income will rise to £4.5m if tenants can be found for the empty space.

In November, Bourne End formed a similar joint venture with the Whitehall Fund to buy a £71m portfolio of office and retail properties.

Mr. David Roberts, property director of Bourne End, said the company was prepared to do more joint ventures with the Whitehall Fund so long as the value of the assets held in this way did not exceed the value of Bourne End's main portfolio.

Speaking a different language

Mr. Eric Nicoli, chief executive of United Biscuits, has a problem which he hopes to solve: short-term. At 34p, UB's share price is almost back to where it was when he took charge four years ago.

One solution, understandably, he does not wish to embrace. UB's name crops up regularly in City takeover rumours. A bid would enliven the share price.

Although the rumours are annoying, they are not distracting, he says. "The best way for us to proceed is to run our business brilliantly. Then it's up to someone else to see if they can run it better."

Certainly, investors have had reason to be cool towards UB's past financial performance. From 1989 to 1994 (based on City forecasts), UB's earnings per share fell 15 per cent, while earnings of the food manufacturing sector rose almost 30 per cent. UB's dividends rose 11 per cent, but the sector's rose some 35 per cent.

By standard measures, UB's shares are not seriously underpriced. They are trading on about 14 times forecast 1994 earnings with a gross dividend of 5.5 per cent. But Mr. Nicoli insists that UB's competitive pressures and weak cash generation that she is not even sure it is a bid target.

Others believe the pay-off will come, but it is better measured by complementary valuation methods common to branded consumer goods producers. One such is stock market capitalisation as a percentage of turnover, where turnover is a measure of the company's muscle in its product markets. On that basis, UB is valued at only half its annual turnover. Companies with weaker brands and higher costs than UB routinely change owners at much more than one times turnover.

The market's preoccupation with earnings multiples often leads to value anomalies being created," says Mr. Alan Eskridge, food analyst at NatWest Securities. "Tomkins' purchase of RHM, Tesco's of Wm Low and, more pertinent to UB, Nestlé's acquisition of Rowntree were all examples of buyers finding value where shareholders had not, he says.

UB's virtues, its supporters believe, lie in its brand strengths in biscuits and snacks, its skills in product

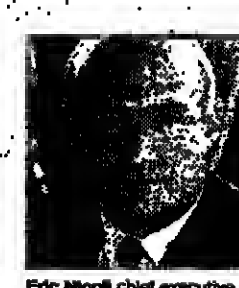
United Biscuits' management continues to test shareholders' patience. Roderick Oram reports

United Biscuits

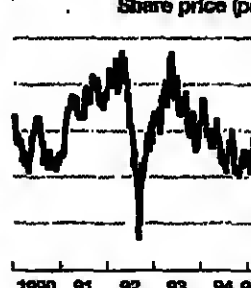
Pre-tax profit (£m)



Source: Company



Eric Nicoli: chief executive



Moreover, UB remains a heavy consumer of cash because of investment in plant, acquisitions and rationalisation of its markets. The outflow before financing was about £100m last year, pushing net debt to about £450m and gearing to 85 per cent, one analyst estimates.

"They will have to pay the whole of 1995's dividend out of borrowings," adds Ms. Arabella Cecil, Credit Lyonnais' Laing's food analyst. She is so pessimistic about UB's competitive pressures and weak cash generation that she is not even sure it is a bid target.

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UB's virtues, its supporters believe, lie in its brand strengths in biscuits and snacks, its skills in product

innovation and marketing, its low-cost production and its geographical spread. It is also unusual for playing both ends of its markets. It uses its well-known brands at the premium end while at the commodity end it uses its efficient plants to produce own-label goods for retailers.

Mr. Nicoli says these principles are paying off. McVitie's remains one of the highest-margin food businesses in the UK, despite a tough few years. Its trading margin has fallen some four percentage points from just under 16 per cent. Some of the decline reflects UB's decision to spend more on marketing to build the brand. A sharp rise in raw material costs such as packaging have not been fully recovered in higher selling prices. But UB believes greater efficiency and product innovation will make up much of the difference.

It is crisp and snack business, KP, has had an even harder time thanks to overcapacity in the industry and supermarket price wars. But those adverse trends are showing signs of reversing in the UK, while KP continues to expand on the continent. UB and PepsiCo share leadership of the European snack-foods market with 23 per cent each.

In the US, "we've started again with Keebler". Second in the US biscuit market with only an 18 per cent share against Nabisco's 55 per cent. Keebler has had to completely overhaul production and distribution. Mr. Nicoli says the benefits will begin to show at the end of this year and hit full

throttle a year later. As planned five years ago, UB has reduced reliance on the UK and US, whose combined share of the group's sales has fallen from 86 to 78 per cent and share of trading profits from 98 to 79 per cent. Meanwhile, continental Europe has gone from 3 per cent to about 15 per cent of both measures and a promising base has been built in Australia and China.

Lastly, even Ross Young, the legacy of McVitie's ill-starred 1980s diversifications, has responded to treatment. "Two years ago people were telling us Ross Young was virtually worthless," Mr. Nicoli says. Now, with growing shares of its chosen market segments such as pizza, seafood and deserts, it contributed £16m to interim group trading profits on sales of £294m.

Mr. Nicoli and his management team, most of them still in their 40s, are keen to take these achievements to their shareholders. "We've never resisted the value debate."

Unfortunately, management tends to talk about value in terms of its skills in branding, marketing, manufacturing and innovation. Shareholders want to hear about share price, earnings per share and dividends.

Within two years, management's definition of value could begin to translate into something financial shareholders will appreciate. But in the meantime, Mr. Nicoli and his colleagues run the risk shareholders will lose patience and sell out to a new corporate owner willing to wait for - or accelerate - the pay-off.

RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividend cover (times)	Total for year	Total last year
Arrol-Johnston	8 mths to Dec 27	17.7 (17.4)	2.58 (2.54)	0.57 (0.57)	Apr 18	0.76	9.8	8.8
Barton (TFL)	8 mths to Dec 31	3.58 (3.58)	0.88 (0.84)	0.16 (0.16)	Apr 27	2.5	8	8
Bell & Howells	8 mths to Dec 31	7.94 (6.82)	0.06 (0.16)	0.58 (1.68)	2.5	1	0.653	-
Bentley	6 mths to Nov 30	10.7 (12.7)	0.84 (0.84)	5.5 (5.7)	1	1	3	-
Verity	6 mths to Dec 31	15.1 (11.6)	0.80 (0.44)	0.3 (0.2)	-	-	-	-
Wharfedale	11 mths to Sep 30	1.24 (2.79)	0.29 (0.73)	10.4 (12.8)	-	-	-	-
Investment Trusts								
City of London	11 mths to Dec 31	148.4 (178.6)	0.255 (0.133)	1.13 (0.83)	-	-	-	-
City of London (High Yield)	11 mths to Dec 31	103.84 (105.51)	0.284 (0.25)	0.83 (1.17)	-	-	-	-
Equity	8 mths to Dec 31	151.82 (140.82)	0.236 (0.257)	1.12 (0.86)	1	1	1	1.4
Equity	8 mths to Dec 31	90.8 (98.9)	0.489 (0.422)	1.51 (1.31)	1	1	1	1.26

Dividends shown net. Figures in brackets are for corresponding period. *US\$1 stock. **For nine months. ***After £215,000 profit on Touchwood sale. ****First quarterly distribution.

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FINANCIAL TIMES

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Saturday February 25 1995

A tale of two currencies

In his testimony to the Senate banking committee last Wednesday, Mr Alan Greenspan, chairman of the Federal Reserve, suggested that the US economy may be slowing to a sustainable growth rate. This news is good for US equities and bonds, if bad for the dollar. More important than the weakness of the US dollar, however, is the strength of the D-Mark. The German authorities have successfully managed the monetary and fiscal consequences of unification. Its neighbours must match its achievement.

The Federal Reserve expects the growth of US GDP to drop from last year's 4 per cent to 2.9 per cent in 1995. It also expects only a modest acceleration in inflation, with the consumer price index projected to rise by 3.3 per cent, compared with 2.7 per cent in 1994. Credit for what would be a miracle of monetary fine-tuning is given to the seven increases in short-term interest rates since the beginning of February 1994. If these forecasts prove correct, there need be little, if any, further rise in short-term interest rates. The market's expectation for the level of three-month US interest rates in March has already fallen from 7.4 per cent in December to 6.25 per cent. This is also good news for bonds, with yields on 30-year Treasury falling below 7.5 per cent for the first time since last September, although they remain well above the trough of 5.8 per cent reached in October 1993. Equities have also gained, with the Dow Jones Industrial Average rising above 4,000 this week. Investors apparently believe that the US is on a golden path of non-inflationary growth.

Party-pooper

Foreign exchange markets are the party-pooper. At DM147 and Y97, the dollar remains stubbornly unloved. Since it failed to rise when interest-rate differentials and economic performance were in its favour, this is not surprising. Dollar weakness may be partly due to exaggerated worries about Mexico's financial crisis and understandable concern about the fiscal consequences of the Republican victory in the congressional elections. But the German and Japanese recoveries are also helping to shift expected interest rate movements against the US.

In neither country does a significant rise in short-term interest rates appear imminent. The Bundesbank may be fretting about labour unrest, but it must be happy about the recent strength of the D-Mark and sceptic about monetary growth. In January, the annualised growth of broad money, M3, was only 4 per cent above the fourth quarter of 1993 and 5.8 per cent below the fourth

quarter of 1994. So long as the outcome of the current wage round is tolerable, the Bundesbank should not feel obliged to raise interest rates soon.

Changes in expectations about short-term interest rates do much to explain recent dollar weakness. Some argue there is more fundamental weakness as well. It is possible to produce good *a priori* reasons why the dollar should be weak in the long term: the net debtor position of the US, persistent current account deficits and attempts by non-residents to reduce the disproportionate role of the dollar as a store of value and means of payment. What is less obvious is that there is much long term weakness to explain.

Big oscillations

Since 1987, the dollar has displayed big oscillations against the D-Mark rather than any strong downward trend. The same is true for its overall trade-weighted exchange rate. Only against the yen, of the major currencies, has it shown a persistent downward trend, which is hardly surprising, given the chronic Japanese current account surplus and the country's low inflation.

More significant than the allegedly fundamental weakness of the US dollar is what has been happening in Germany. It is not just that the Bundesbank has managed to get the post-unification inflation surge under control. Nor is it just that the economy has managed a swifter and stronger recovery than had been expected a year ago. It is also that the fiscal problems of German unification seem to have been managed with greater aplomb than expected.

Notwithstanding unification, Germany is expected by the OECD to have the lowest general government borrowing requirement of all members of the European Union, by 1996. The economic consequences of unification remain serious, above all for unemployment. But the strength of German commitment to a stability-oriented fiscal and monetary policy has been demonstrated again. No wonder most other European currencies are shaky. The lira has fallen 33 per cent in value against the D-Mark since September 1993. Sterling is at DM2.32. Even the French franc is 5 per cent below its central rate against the D-Mark, well outside the old 2.25 per cent ERM band.

Mr Greenspan's news was good for the US, if bad for the dollar. The strength of the D-Mark, albeit good news for Germany, is bad news for the rest of Europe. Germany continues to set the European standard for monetary and fiscal policy. Few, if any, of the other European countries seem able to keep up.

A wire-tapping scandal linked to a corruption case. Allegations of a CIA spy ring seeking to steal industrial and political secrets.

Such intrigues would provide good material for a pulp fiction thriller. This week, however, they have ignited France's presidential election campaign in which Mr Edouard Balladur, the Gaullist prime minister, looked to be a certain winner only weeks ago.

The collapse of the commanding lead long enjoyed by Mr Balladur has left the race for the Elysee palace open. But the scramble to succeed President Francois Mitterrand is intensifying the civil war on the French right, undermining the workings of government and raising the prospect of a rebound in socialist fortunes.

The shift in the election odds is clear from a batch of opinion polls over the past week. The surveys give varying figures, but their message is the same: a sharp fall in support for Mr Balladur and substantial gains for his two principal rivals, Mr Jacques Chirac, the Gaullist mayor of Paris, and Mr Lionel Jospin, the Socialist contender.

According to the latest Ipsos poll, published today, all three candidates would win 23 per cent support in the first round of the April/May election. Earlier this week, a BVA poll put Mr Jospin just ahead of the prime minister. "The slide [in the prime minister's ratings] is like a toboggan, you don't know where it will stop," says Mr Pierre Moscovici, Socialist campaign treasurer.

Mr Balladur's aides respond that the prime minister remains the edge in voting intentions for the second round run-off on May 7. But the fall in support and the fact that up to half of those polled are still undecided have inspired rivals. "Everything is still to play for," says Mr Raymond Barre, the centrist former prime minister who may yet decide to enter the contest.

The shift in Mr Balladur's fortunes is partly explained by the lack of dynamism in his campaign. The aloof, patrician premier is not at his best on the stump, nor has his programme inspired potential voters. "By conviction he is cautious," says one Paris politics professor. "So he avoids radical solutions to the social and unemployment problems which are facing France."

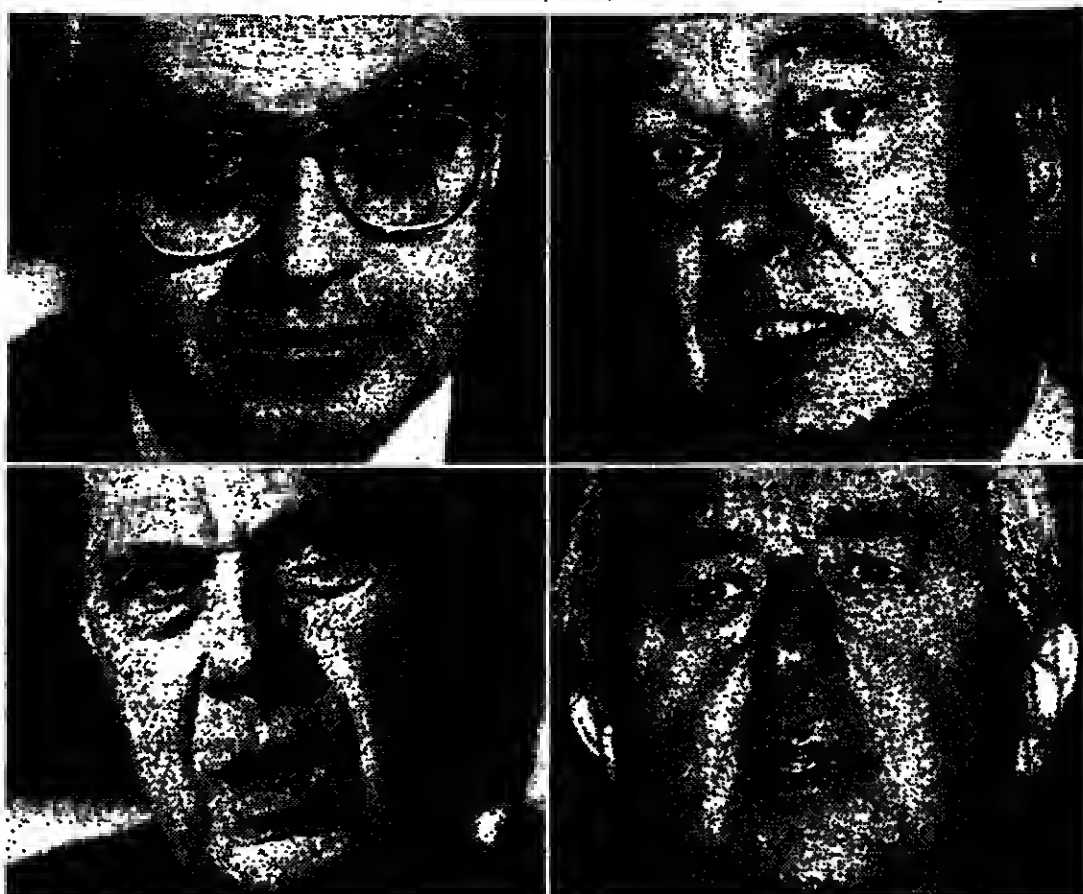
His lacklustre campaigning has also been hit by policy setbacks, for example over education reforms that would have raised university entrance fees. A wave of student protests earlier this month led to a climbdown by the government. This week's wire-tapping scandal has proved more serious, however, with Mr Balladur and Mr Charles Pasqua - the interior minister and one of the premier's closest political allies - accused of authorising an illegal telephone tap. The case is linked to a corruption investigation into the Gaullist RPR party.

The complex case originates in allegations of kickbacks on public housing contracts. Mr Didier Schuller, one of several Gaullists under investigation, alleged that he had been approached by Mr Jean-Pierre Marchal, the father-in-law of the investigating magistrate. According to Mr Schuller, Mr Marchal had offered to persuade his son-in-law to drop the case in return for FRF1m. The police tapped Mr Marchal's telephone and then arrested him at Charles de Gaulle airport while he was receiving a payment from Mr Schuller.

Mr Marchal claimed that he had been entrapped by police sympa-

Feuding and intrigue are making the French presidential race rougher and tougher, says John Ridding

Everything still to play for



Edouard Balladur (below right) has been the main victim of the phone-tap scandal involving one of his allies, Charles Pasqua (below left). Socialist Lionel Jospin (top left) and Gaullist Jacques Chirac have benefited

thetic to the Gaullists who wanted to replace the investigating magistrates and hence delay the corruption probe until after the presidential election. A Paris court cleared Mr Marchal, ruling that the telephone tap was illegal.

The case has touched Mr Balladur, because his office authorised the wire-tap and because Mr Pasqua is responsible for such surveillance activities. And the controversy surrounding Mr Pasqua has escalated after a further twist in the tale. On Wednesday, Le Monde, the daily newspaper, published a leaked report detailing the discovery of an alleged CIA ring operating in France, engaged in industrial and political espionage. It claimed five spies had been ordered to leave the country, producing a predictable angry response from Washington.

But the leak also prompted allegations that Mr Pasqua was seeking to divert attention from the wire-tap scandal. "The timing was a very fortunate coincidence," says Mr Frédéric Sawicki, professor of politics at Lille university, echoing a common view. He believes there are two motives for such a leak: to divert attention from the wire-tapping affair and to reap political capital from an attack on the US, a traditional bogey of the Gaullists.

However, the leak has also fuelled factional warfare on the French

political right. Mr Alain Juppé, the foreign minister and one of Mr Chirac's closest allies, called for an official inquiry, claiming he was "scandalised" by the handling of the issue. Mr Balladur's supporters responded with an attack on Mr Philippe Séguin, the president of the National Assembly and another powerful Chirac backer, accusing him of ambiguity over whether he would support Mr Balladur in a second-round run-off against Mr Jospin. Mr François Lécourt, the defence minister from the prime minister's camp, retorted that, in failing to make clear his preference for any Gaullist candidate, Mr Séguin had made "a political and moral error, heavy in consequence".

One consequence is likely to be escalation in the feud inside the RPR party, as Mr Chirac's supporters seek to maintain his recent advance in the polls and a rallied Balladur responds. "There will be more dirt to come," says one Paris politics professor. "Civil wars are always the most bloody. Because they come from the same party they know each other's secrets."

One consequence of the strife has been to set government departments at odds with each other, notably Mr Juppé's foreign ministry and Mr Pasqua's interior ministry. But the divisions raise the likelihood that other candidates, such as

Mr Barre, will join the fray. At worst, continued infighting could lead to a third consecutive defeat for the right.

"We cannot play Russian roulette with six bullets in the revolver," says Mr Philippe Donste-Blazy, the government spokesman.

Such a prospect is much less remote than it was just three weeks ago, when Mr Balladur's poll lead seemed unassailable. When Mr Jospin won the Socialist nomination, the party appeared to have been devastated by the refusal of Mr Jacques Delors to follow his presidency of the European Commission with a tilt at the Elysee.

But Mr Jospin has since grouped many of the party's troublesome factions behind him and enjoyed a steady rise in support. And his reputation for austerity and sobriety has proved an asset amid concern about the extent of corruption. The former education minister revealed this week he owns no property and that his personal assets comprise two cars, one of which is being paid for by instalments.

Even political rivals see his image as a threat. "In the current climate his probity could prove attractive," says Mr Barre, who does not exclude the possibility of a socialist victory in the election.

Mr Jospin has problems of his own, however. He must overcome

the conservative tide that put 80 per cent of the National Assembly seats in the hands of the right or their centrist partners in the 1993 general elections. It was this that deterred Mr Delors from standing, convinced as he was that a socialist president would be constrained by a right-dominated parliament.

The leftist Radical party has added to his difficulties. Its decision on Thursday to field a candidate, Mr Jean-François Hory, will deprive him of votes.

Mr Jospin may lose ground when his policy programme is unveiled in early March. His initial proposals, such as a halt to privatisation, smack of orthodox socialism, suggesting he still sees life in the traditional left-right divide. Mr Jospin may be right that orthodox left-wing prescriptions can appeal on some issues, such as education which continues to bring tens of thousands on to the street in protest against reforms. But it will be a tougher task persuading the electorate of the merits of traditional socialist economics, particularly when several million of them have bought shares in the government's privatisation programme.

So far, Mr Jospin has been guarded on his strategy over the single most important election issue, how to create jobs for France's 3.3m unemployed. Aides indicate he favours a reduction in working hours, though he has indicated he will not be bound by the party platform calling for a reduction in the working week from 39 to 35 hours over the next five years. "He will have to broaden his support and try to win over the middle classes", says one political analyst.

With the combined support for the two right-wing candidates in the polls running at double that for the Socialist candidate, Mr Jospin's ambitions may realistically be limited to reaching the second round of balloting. The fact that this now looks to be within Mr Jospin's grasp has sharpened exchanges between Mr Balladur and Mr Chirac.

For the moment, it is Mr Chirac who seems to be gaining support. His economic programme, giving priority to the fight against unemployment and including proposals to pay FF2,000 per month to companies for each long-term unemployed person they hire, appears to have struck a chord. So, too, have his attacks on Mr Balladur's preoccupation with the financial markets and reluctance to consider stronger measures to stimulate employment. Yesterday, Mr Alain Madelin, the minister for small businesses, stepped up the assault, arguing the prime minister's tough line on wage increases risked "a social explosion".

But Mr Balladur retains some cards up his sleeve. Figures this week showing a 10 per cent rise in manufacturing output last year and a near record trade surplus demonstrate the strength of the underlying economy, while unemployment is expected to start falling.

The prime minister has also bounced back from adversity in the past, for example after he backed down in the bitter Air France strike of 1993 and after mass student demonstrations last year.

Like his rivals, Mr Balladur knows that it is still early days on the campaign trail. But recent events have demonstrated that it takes little time to change the course of the polls. With the contest getting hotter and uglier, there will be many more turning points and pitfalls on the road to the Elysee.

MAN IN THE NEWS: Chris McGimpsey, Unionist councillor

Voice of the Shankill

If Mr John Major is to persuade the unionist majority in Northern Ireland to support his plans for bringing permanent peace to the province, it is the likes of Chris McGimpsey, the Ulster Unionist councillor for loyalist west Belfast, that he must win over.

The reaction of the nine Ulster Unionist MPs and the three Democratic Unionists to the framework document launched in Belfast on Wednesday by Mr Major and his Irish counterpart, John Bruton, was as vitriolic as it was predictable.

The Rev Ian Paisley, leader of the Democratic Unionists, described it as a "declaration of war". Mr Ken Maginnis, a more moderate Ulster Unionist, said he had never been more angry.

The UK government hopes it can persuade the people of Northern Ireland that it is worth making compromises to turn the ceasefire, almost six months old, into a permanent peace. Mr McGimpsey, closer to grassroots feelings among the Protestant community than the MPs who represent it at Westminster, could play an important role in convincing loyalist opinion that the framework document offers just such a hope.

Mr McGimpsey had been careful not to denounce the document before its launch. But now he has read it, his initial reaction is none too pleasing for the government.

"No unionist can accept this document. It is too green, too slanted towards nationalists," he says. "I have not talked to anyone who thinks well of this document."

Mr McGimpsey represents the Shankill road area, the Protestant heartland of Belfast. It is there, and in the neighbouring Catholic

enclave around the Falls Road, once divided by a "peace line" of walls and barbed wire, that the impact of 25 years of the "troubles" has been greatest.

Mr McGimpsey, 42, is the son of a working class Protestant loyalist parents. His wife Joyce, was brought up in the Shankill. He has four sons and he buys and sells property for a living. His brother, Michael, is also a city councillor for another west Belfast district.

Mr McGimpsey describes himself as a moderate. Critics say he is friendly with elements of the Ulster Defence Association and the Ulster Volunteer Force, the extremist loyalist paramilitary groups.

This he denies. "I don't know, nor have I had contacts with, any UDA or UVF people. I may have had a drink in the pubs on the Shankill where they are supposed to go but I do not know them."

He agrees, though, that his wing of the UUP probably has more in common with Mr David Ervine of the Progressive Unionist Party, who speaks for the paramilitaries. Mr Ervine has urged dialogue, although he too has come out against the document.

"It is said that we are put in a position that because we reject the document we are seen to be against peace," said Mr McGimpsey. "Nothing could be further from the truth. No-one has suffered more than the loyalist community."

"What has changed is that people are no longer being killed. They may not like the document but at the same time they want us to be constructive and proactive. They don't want us just to sit in the corner and sulk."

The problem for the unionists is that they have boxed themselves into a corner. Many of their MPs



have been at Westminster for decades, banging the same drum. When sections of the draft document were leaked a month ago, they accused Mr Major of a "sell-out", a conspiracy to impose a united Ireland that would reward the IRA for 25 years of terrorism.

Mr Major tried to convince them that their concerns were misplaced. But when the proposals were eventually published on Wednesday, the unionists said their worst fears were realised.

The UK government's task was made no easier by the response to the document from Sinn Féin, the political wing of the IRA, which gave the document a non-hostile reception.

It is the proposal for a North/South body, with cross-border executive functions, that most alarms unionists. It overshadows details of a Northern Ireland Assembly and a promise by Dublin to amend its constitutional claim to the territory of the North.

The government has denied that it is going over the heads of the unionist MPs. But it knows that, if it does not, it will get nowhere.

Ministers have been heartened by the response to the public relations exercise accompanying publication of the document. A telephone hotline was jammed by members of the public requesting copies, while post offices distributing it could not cope with the demand.

At 37 pages, the document is not easy reading, but the willingness of voters to try suggests they may no longer be prepared to take the word of their MPs as gospel.

Previous attempts at political settlements led to mass demonstrations. By contrast, fewer than a dozen protesters braved the rain outside the Balmoral conference centre where the framework document was launched last week.

Mr McGimpsey warns that the quiet reception last week should not be seen as a sign of weakness. "We could get 50,000 people demonstrating by the weekend," he said.

"What would be the point? No, we must talk. We have offered to talk. We have offered to talk on the basis of our own document. We have even offered to talk to Dublin."

But he added: "We can't talk on the basis of the document. Any moderate who agreed to the document would be dead in the water."

In the long run, many Protestants feel the odds are stacked against them, that the document has accelerated the inevitable march to a united Ireland. They suspect a growing indifference among the public in the British mainland to their fate.

There are many in Britain who hope that the unionists' visceral distrust of the south could eventually be overcome. But even if it is, that may still not be enough for Mr McGimpsey.

"I don't care what religion people pursue," he says. "Ireland's just not my country. I am British."

John Kampfner and Stewart Dalby



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سكاي من الامم

Round numbers would not matter if stock markets were rational. But this week's rise to over 4,000 points by the Dow Jones Industrial Average on Wall Street does seem to be a significant event for US and world stock markets.

For the bulls, the Dow's break into new territory marks a decisive change from the weak financial market conditions that prevailed through 1994. Just as last year's falling bond and share prices were partly the result of rising US short-term interest rates, the current rally is sparked by the market's belief that the rate increase by the US Federal Reserve on February 1 will be the last of this cycle.

For the bears, however, the surge through 4,000 may simply be the "sucker's rally", the last chance for the smart money to get out before the coming plunge in prices. On some valuation measures, bears argue, share prices look particularly stretched. At Thursday's close, the Dow's dividend yield - the income return on shares - was 2.72 per cent, only a touch above the 2.5 per cent low reached just before the 1987 crash, and exceptionally low relative to bond yields.

The Dow is a narrow average, consisting of just 30 stocks, and is not always the best guide to the health of the US stock market. But on Thursday the much broader Standard & Poor's 500 Index, used as a benchmark by professional investors, also reached a record-breaking, if less numerically striking, high of 486.91.

This week's market surge was prompted by testimony from Mr

Broken barriers on Wall Street

Philip Coggan and Lisa Bransten
assess the views of bulls and bears
after record highs for US stocks

Alan Greenspan, the Fed chairman, to congressional committees. The market seized on comments which suggested the US economy might be slowing to a sustainable growth rate, with inflation still subdued.

The prospect of a so-called "soft landing" for the economy, in which growth slows to a supposedly non-inflationary 2.5 per cent per annum from 1994's 4 per cent, was seen as good news for bonds, the value of which is eroded by inflation. The 30 year Treasury bond yield, which touched 8.2 per cent last November, dipped below 7.5 per cent on Thursday.

A bond market rally was probably necessary for the Dow to reach a new high. The US equity market spent much of last year caught in the crossfire between higher corporate earnings and rising interest rates and bond yields. In the end, these influences cancelled each other out and the Dow ended the year just 2 per cent ahead.

But this year, with bond yields falling and short-term interest rates perhaps at their peak, the market can focus on the outlook for earnings, which some expect to grow a further 8-10 per cent in 1995. Also, the US may return to favour with

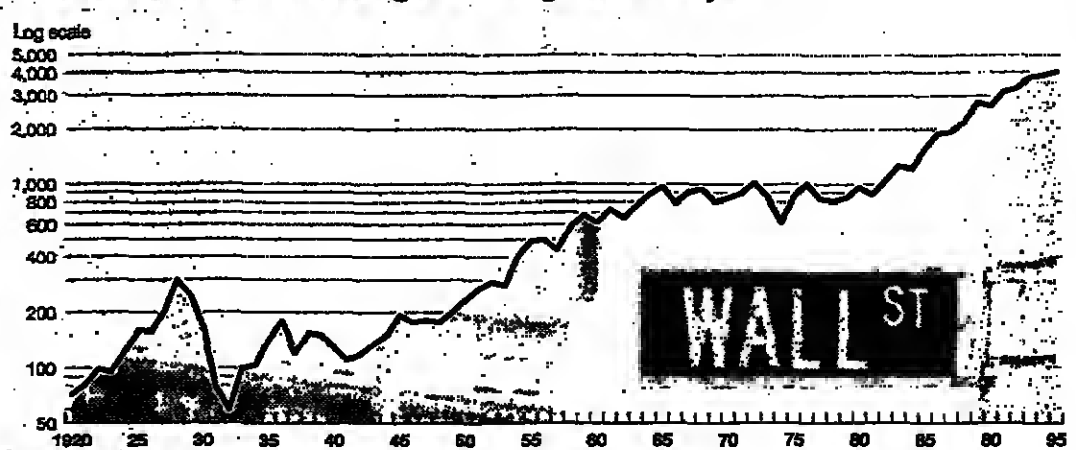
international investors who have favoured other areas, such as emerging markets, in recent years. Mr Nick Train, investment director of UK fund management group GT, says foreign investors have been "bearish, not to say apocalyptic about the US stock market for the past 3-4 years."

US companies, however, earn a higher return on equity than those in Europe and Japan, says Mr Train, and have a leading position in many of the 21st century's likely growth industries, such as software, media and biotechnology. Ms Abby Cohen, market strategist at Goldman Sachs, thinks international investors could be ready to reappraise the US economy, which has much improved its competitive position in the past 10 years.

In addition, the recent Mexican financial crisis may be forcing domestic US investors to retreat to the safety of their home market. Mr Thomas McManus, an equities strategist at Morgan Stanley, thinks some of the market's recent gains may be partially attributed to US investors repatriating money from international mutual funds.

Bulls say US companies, rather than paying dividends, are using

Dow Jones Industrial Average: the long climb to 4,000



cash to buy back shares or investing heavily in new equipment, both of which should be to the long-term benefit of shareholders. Furthermore, according to Dean Witter Reynolds, the US investment bank, the payout ratio (dividends as a percentage of earnings) is below the historical average, giving scope for dividends to increase.

Throw in the new Republican-controlled Congress, which is pressing for a capital gains tax cut and is seen as more sympathetic to Wall Street than President Clinton, and one can construct a compelling bullish argument.

But the bullish case does take a number of factors on trust. The most important is the assumed soft landing. Mr Nicholas Knight, global strategist at Nomura Securities, says in the past 25 years, the US has managed only four times to achieve the "ideal" 2.5 per cent growth rate. Either the Fed does too much in terms of raising rates, and causes a recession, or too little, and inflation climbs.

Mr David Shulman, chief equity strategist at Salomon Brothers and one of the most bearish analysts on Wall Street, thinks the market has been lulled into the false belief that

the Fed has managed to slow the economy without triggering a recession. Instead he thinks inflation, just 2.7 per cent last year, is likely to pick up later this year.

Others point out a slowing economy will not be that good for corporate earnings, with annual growth expected to slow to 6.7 per cent in 1996. That does not look like fast enough growth to justify the price-earnings ratio on the S&P of over 19.

hinted as much on Thursday, causing Treasury bonds to fall back from their day's high. Another rise in interest rates is still a distinct possibility.

The third problem is the dollar. US bonds and equities may seem popular with international investors, but the US dollar is not. This week, it hit its lowest level against the D-Mark since October 1993. The prospect of a weakening US dollar is unlikely to encourage international investors to put money into dollar-denominated shares.

Another problem is the US domestic investor. To date, private investors in mutual funds have been remarkably sanguine about losses in 1994. There has not been the wave of redemptions many feared.

But Mr McManus says that December's slight decline in mutual fund redemptions and relatively low level of new purchases was "disappointing at best", since "December usually marks the beginning of the season of strong inflows from year-end contributions to pension and profit-sharing plans".

Many mutual fund investors may have transferred their money from deposits in the early 1980s when short-term interest rates were 3 per cent, and may be tempted to switch back now that rates have reached 6 per cent.

In the view of Ms Katherine Hensel, chief investment strategist at Lehman Brothers, all this means that "there is a substantial possibility of a negative surprise, so from a risk-reward point of view I think it's a good time to take some profits".

John Lloyd on the new freedom of Russia's wealthier republics

The conventional wisdom among liberals in Russia and many observers abroad is that things can only get worse after the war in Chechnya.

They argue that the cause of reform will suffer in the struggle to apportion blame for the ham-fisted and unpopular military intervention in Chechnya. And they predict that the first of independence will be lit in other parts of the Russian federation, especially the north Caucasian and Moslem republics.

But the conventional wisdom is likely to be wrong. A new model for the Russian state had started to emerge before the Chechens' bid for independence was suppressed. The lesson of Chechnya for the other republics and regions of the Russian federation is likely to be that they should consider adopting this model rather than taking up arms against Moscow.

An example of how the model works is to be found in Bashkortostan, a republic of 5m people in the western Urals which is as large as Britain. There, Mr Mustaza Rakhimov, the president, has adopted a constitution that defines the republic as "sovereign", and signed a treaty with Moscow that underscores this status.

Relations with Moscow are cast in the form not of a devolution of power from the federal to the regional level, but in the ceding of particular functions - foreign affairs, defence, macro-economic management - to the centre.

According to Mr Vsevolod Samuilin, head of the constitutional department in the Bashkir government: "The constitution of the sovereign state is there and we have agreed with Russia the areas which it takes over and which we share. The rest - the greatest part - is ours."

Mr Samuilin and his colleagues in Ufa, the tranquil Bashkir capital, stress the peacefulness and rationality of the arrangement. The ethnic balance is delicate and is delicately handled: the Bashkirs are only the third largest ethnic group, after the Russians and the Tatars. Both the Bashkirs and the Tatars have Moslem traditions, but the revival of their religion is moderate.

All of this is in sharp contrast to the carnage in Chechnya. "Chechnya could have

A delicate balance



The carnage in Chechnya may not be repeated elsewhere

been settled without all that," says Mr Yuri Dymov, the leader of Bashkortostan's parliament. It could have had what we have."

Mr Dymov is probably right to suggest that oil-producing Chechnya could have secured sovereignty just as Bashkortostan and Tatarstan have. Negotiations were scheduled last May between President Boris Yeltsin and Mr Dzhokhar Dudayev, the Chechen separatist leader.

Other turbulent regions in the former Soviet Union are now looking more closely at the "sovereignty" solution. A recent conference in The Hague organised by the Harvard Conflict Management Group and the International Research and Exchange Board, a US foundation that supports research in the area, brought together the warring sides in several conflicts in the former Soviet Union. Participants included Georgians and Abkhazian separatists, Moldovans and representatives of

the breakaway republic of Trans Dniestr, and Ukrainians and Crimeans campaigning for freedom from Ukraine.

They studied the experience of "sovereign" Tatarstan, which has adopted a similar model to its Bashkir neighbour, under the guidance of Mr Muntimer Shamiyev, the Tatar president. Mr Shamiyev later reported on the session to Mr Yeltsin, who appeared to give official approval to the model.

The "sovereignty" of Tatarstan and Bashkortostan are clearly preferable to the bloodshed in Chechnya. But this sort of arrangement is likely to be available only to relatively wealthy regions and republics that pay more into the federal budget than they receive.

Moscow is unlikely to be so generous with parts of the federation that rely on the centre for finance.

As Mr Dymov of Bashkortostan says: "We are a donor republic: we pay much more to the budget than we get. The

agreement with the centre that we have has to be different from that with - say - Kalmykia [a poor, subsidised republic]."

The outcome will be a dozen or so rich "donor" regions and republics enjoying differing but superior rights over 70 or more dependent areas in which the centre's writ more or less runs because it pays the bills.

One consequence of giving greater sovereignty to the richest regions and republics is to reduce Moscow's tax revenues. According to Professor Philip Hanson of Birmingham University, speaking at The Hague seminar: "The economists in Moscow don't like the system because it tends to deepen the fiscal crisis of the state."

Professor Hurst Hannum of the Fletcher School of Law and Diplomacy at Tufts University in Medford, Massachusetts, told the conference that he thought the federation's structure would need further rethinking in another five to 10 years. "In theory, asymmetry is a great system," he said. "In practice it is impossible, except where you have one or two clear exceptions on which everyone can agree. In Russia there are dozens who claim exceptional status."

Inside Russia, opposition to weakening the federation is creating unusual alliances. One supporter of a stronger centre is Mr Alexander Nevzorov, the ultra-nationalist television presenter famed for his zany, bigoted documentaries. Another is Mr Sergei Kovalev, Mr Yeltsin's human rights commissioner, who more than any other figure focused attention on the enormity of the Chechen conflict.

"You get the government promising the regions one thing, and the president another, the Duma [parliament] still another," he says. "Some of them are not even observing a civilised criminal code. You cannot allow that."

The sovereignty model creates a federalism so arbitrary and asymmetrical that its consequence is likely to be a patchwork collection of territories in which there is less central coherence - or authority - than in the European Union.

Attractive though it may be to the aftermath of Chechnya, it is unlikely to offer a permanent solution.

The standard of morality is exceedingly debased... The bonds of domestic sympathy are too generally relaxed; and as a consequence, the filial and paternal duties are uncultivated.

That was Sir James Kay-Shuttleworth, a leading mid-Victorian philanthropist. There is nothing new in decrying the decay of family life, and now saying that laxity today threatens social disintegration tomorrow.

One of the merits of this week's Joseph Rowntree Foundation report on trends in UK family life is its refusal to fuel what Mr David Utting, its author, terms the "moral panic" affecting much political commentary on the subject.

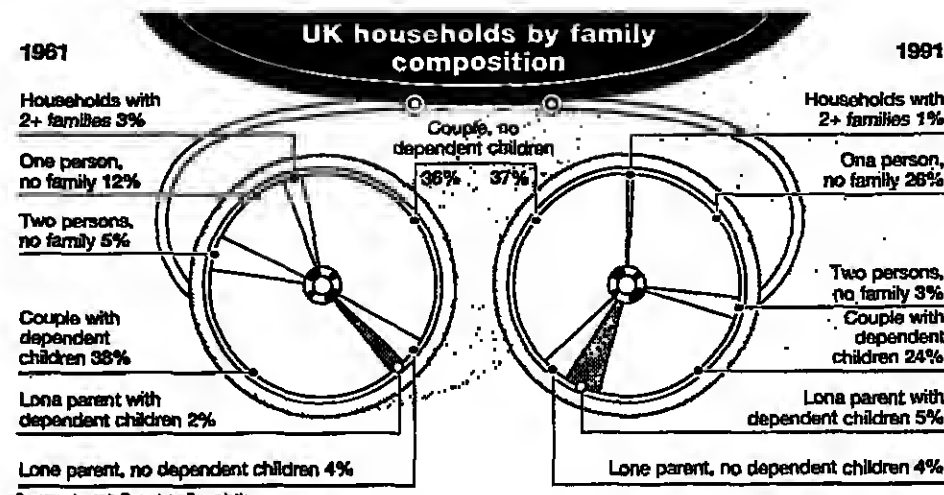
Resolutely empirical, the report gives a balanced assessment of trends in family life, an issue now intensely debated not only in the West but also in Asia. While acknowledging the escalating divorce rate and the increase in the number of lone parent families, the report sets them against trends such as later marriage, the rising and sometimes unrealistic expectations of those entering marriage, and improvements in housing for low-income families.

The death of the family is "greatly exaggerated", the report concludes. There is support for this argument from bodies such as Dataline, the dating agency, and Relate, the marriage guidance organisation.

The dating agency industry, a creation of the supposedly morally lax 1960s, has seen its business grow by about 25 per cent in the past two years, but Dataline says that almost all of those registering are looking for marriage, not short-term relationships. Marriage is far from unfashionable in Britain, even among divorcees.

Ms Denise Knowles, a Relate counsellor, blames the rising divorce rate on the fact that "people increasingly expect their lives to be perfect". She says: "Expectations of marriage are now incredibly high, and sometimes perhaps a wee bit unrealistic."

This raises a significant question which rarely features in reports on the "disintegration" of family life: how much of the increase in divorce is due to breakdowns in relationships which, in previous generations, had to be contained within continued marriage?



Parents home alone

There is no need for moral panic about the family, say Andrew Adonis and Simon Kuper

The Rowntree report casts light on this issue by citing a 1980s US study. This found crime to be nearly twice as common among men raised in "intact" two-parent homes where the parents were in conflict as it was among those who grew up in one-parent families headed by an affectionate mother. Marriage and divorce do not lead themselves easily to moral absolutism.

The Rowntree report notes that eight out of 10 households with dependent children are headed by two parents. Allowing for the 7 per cent where dependent children are living with step-parents, three-quarters of families are still "conventional".

The most serious problems identified by the report are the poverty and diminished opportunities prevalent among the one in five households headed by a lone parent. Nine in 10 single mothers receive income support, and the absence of affordable childcare, plus restrictive rules on the withdrawal of benefit for those working part time, are "trapping parents on benefit who want paid work".

The implication is clear: rather than launching a crusade to "restore family values", politicians would be well advised to tackle the causes of family break-up and the evils of lone parent poverty.

There is no shortage of policy initiatives that could be pursued to that end. High on

the agenda are state nursery provision, tax relief for childcare, and a reform of the benefits system to make it easier for single mothers to take paid work. Legal changes to clarify the rights of cohabiting parents, and a reform of marriage mediation services to make them more accessible and effective, are other policies likely to come to the fore.

However, taking a broader view of the future of family life, culture plays as big a role as policy in forging family values and patterns of behaviour.

A couple of ethnic perspectives reinforce the point. The first is the remarkably divergent behaviour of ethnic groups in the UK. More than 5 per cent of the population belong to ethnic minorities, nearly half of whom were born in the country.

The 58 per cent figure for marriage among the general adult population falls to 38 per cent for black Caribbean and 47 per cent among black Africans, but rises to 70 per cent among the Bangladeshi, Indian and Pakistani communities. One-parent families are more common among black families than other ethnic groups.

The indigenous experience of Asian societies, therefore, also merits serious attention. A vibrant debate is currently taking place within the economically successful Asian "tiger" states about "Asian values"

and their relationship with "western" values. The debate largely focuses on what many Asian leaders see as the declining social cohesion of western states - a function not just of their supposed "moral laxity", but the lesser emphasis given by the population at large to education, social improvement and the responsibilities of extended families.

The debate is given potency by the fact that most of the supposed "Asian values" turn out to be eminently western values, such as "family as the basic unit of society" and "community support and respect for the individual". As Professor Chan Heng Chee, director of the Singapore International Foundation and a former ambassador to the United Nations, remarks, it is not the values, but the social context in which they operate, which is different between Asia and the west.

"A great deal of Singapore's economic success is attributable to the union of these values with the social reality of Asia, which still places a high premium on the mutual dependency of the extended family," she says.

Such views may be unpalatable to the western liberal mind, but they will need to be addressed if an intelligent debate is to take place on the future of the British family. * Family and Parenthood, Joseph Rowntree Foundation, 40 Water End, York YO3 6LP

Union pursuing sound financial strategy

From Mr Roger Lyons.

Sir, Your article concerning the finances of MSF includes inaccuracies which misrepresent a trade union operating successfully in a hostile climate ("Union freezes staff pay as deficit grows", February 22).

The union, which has an annual turnover of more than £20m, is committed to a sound financial strategy which has seen a reduction in historic debt from £14m to £3m in just three years. This policy and schedule of repayments continues as normal.

However, following nine solid months of financial surpluses in 1994, the final two months of last year have shown a deficit. This operating deficit is short term and is being tackled through good housekeeping measures and pro-active recruitment campaigns. In addition, the effects of a pre-planned subscriptions rise from January this year will be felt to the spring.

Two points of factual error must be corrected. First, the union has not lost 5 per cent of its income from members who

did not sign up to have their subscriptions deducted from salary. Only 60 per cent of our members pay in this way and we were successful in retaining 95 per cent of those, making a total loss in membership income of only 5 per cent.

Second, your headline of a staff pay freeze is wrong. As the article stated, pay negotiations have simply been suspended for the time being, but a commitment has been given that talks will be restarted with staff representatives at the earliest appropriate moment.

It is interesting to note that actions which would be termed good housekeeping by private companies are reported in such a way when implemented by a trade union acting in a financially responsible manner to fully protect its services to members and staff.

Roger Lyons, general secretary, MSF, Park House, 64-66 Wandsworth Common, North Side, London SW18 2SE, UK

LETTERS TO THE EDITOR

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UK recovery not mainly 'export driven'

From Mr M.C. Fitzpatrick.

Sir, Most analysts attribute a substantial part of the current UK recovery to the improved performance of net trade between the UK and overseas.

Commentators refer consistently to "the UK's export-led growth"; meanwhile, the November 29 1994 Budget Red Book attributes "about half" of the economic growth in 1994, at that time, to the improvement in net trade (that is, exports rising more

quickly than imports). The reality is rather different from this. Based on recent UK gross domestic product figures released by the Central Statistical Office (CSO) on February 22 1995, the economy grew by some 3.5 per cent in real terms between 1993 and 1994.

The CSO figures identify the five main variables within GDP, and I calculate the approximate contribution of each variable to the above 3.5 per cent growth rate as follows:

Consumer spending	7/20
Investment	3/20
Net trade	1/4
Stock building	3/20
Government consumption	1/10

Net trade thus accounted for only about one quarter of the GDP growth for the period concerned. It should also be noted that around half of this contribution from net trade was down to a favourable movement in net oil and gas exports as a result of the recent large

increase in North Sea oil and gas production, which increase has now apparently plateaued.

All credit to our exporters for their contribution to hoisting UK GDP. However, the next time you hear an analyst talking about an "export driven" recovery, treat it with a pinch of salt. M.C. Fitzpatrick, senior tax consultant, Chantrey Vellacott, Russell Square House, 18-19 Russell Square, London WC1B 3EP, UK

Crown estate commissioners' salmon netting interests cut back

From Lord Mansfield.

Sir, I was disappointed that Tom Fort perpetuates the myth that the crown estate commissioners continue to have a significant involvement in coastal netting stations around Scotland's coastline ("The longest

journey for the noble salmon", February 18).

In fact, since 1988 we have, through a policy of phased withdrawal, reduced our coastal netting interests by some 75 per cent. Those stations still currently let have a

wide variety of catch but account for only some 4 per cent of all salmon and grise caught in Scotland.

The crown estate maintains its interest in a considerable number of salmon river fisheries in Scotland which are the

subject of an active fisheries management programme. Mansfield, first crown estate commissioner and chairman, The Crown Estate, 16 Carlton Terrace, London SW1Y 5AH, UK

French attitude ignores primacy of English

From Mr Gary Levinson.

Sir, Your article "France seeks to deepen ties with Germany" (February 20) states that Balladur seeks "the blurring of the primacy of English" by requiring two foreign languages in European schools. That is exactly the case. Now that English has become the *de facto* Esperanto of Europe (and beyond), it seems to me that if they were really interested in European integration and cultural exchange, Balladur and the French would have their and other countries' students

master English in order that all Europeans might speak at least one foreign language well instead of dabbling in two. If French had maintained its primacy as the international *lingua franca*, would Mr Balladur be as enthusiastic for two foreign languages to be taught in French schools? I think not. I believe in French they call this "ce zour gras". Gary Levinson, managing editor, *Neue Renaissance*, Weissenauer Weg 4, D-55129 Mainz, Germany

Too removed to understand

From Mr Helmut Winkler.

Sir, Top executives are perhaps the wrong target to question over the pros and cons of a single European currency. They are so far removed from complications arising from currency movements, with the costs engendered in the translation of one into another, that one doubts their ability to respond other than in a way which is coloured by their

personal prejudices. The enormous restrictions to trade will become obvious, once these are lifted. Just imagine the type of backwater the US would be with 50 independent currencies. Helmut Winkler, *Winkler Bay, Jerome Road, Norton Canes, Camock, Staffs WS11 8UT, UK*

CURRENCIES AND MONEY

MARKETS REPORT

DM strength

The lira and the peseta both fell to historic lows yesterday as the D-Mark continued to ramp through the foreign exchanges, writes Philip Gawth.

The lira sank in New York trade as low as L1,121.20 against the D-Mark, while the peseta touched a low of Ptas8.10. The French franc also sunk to its lowest level since October 1993, reaching a low of FF93.52.

These developments represented the continuation of trends underway for some weeks now, rather than a response to any new developments. With numerous European countries being either financially or politically problems, in some cases both, the D-Mark is seen as a bastion of safety for risk-averse investors.

Some of the moves were very sharp, with the franc losing nearly three francs from its Thursday close of FF93.52, while the lira lost 22 lire on the

day, to finish the week around 3.5 per cent lower against the D-Mark.

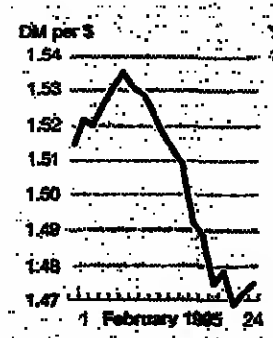
Political worries drove sterling lower. It touched a low of DM2.3210 in New York, less than a penny above its historic low.

The dollar was under pressure during the New York afternoon. It was trading at DM1.4617, down from an earlier high of DM1.4770.

With the market in its current mood, the dollar can do little right. Although the January durable goods orders came in above market expectations, this did not lend any support.

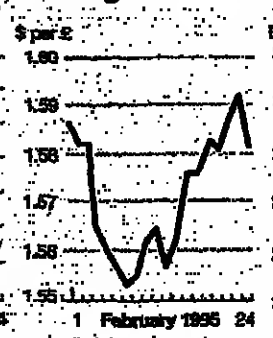
The rug had been pulled from under the dollar's feet earlier in the week by com-

Dollar



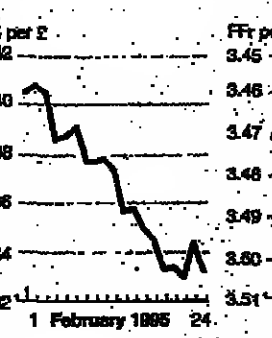
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Sterling



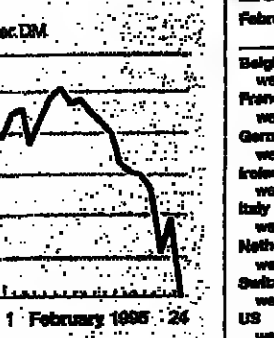
Source: Datastream

DM per £



Source: Datastream

FF per DM



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POUND SPOT FORWARD AGAINST THE POUND

Feb 24	Closing mid-point	Change on day	Bid/offer spread	Day's bid	Mid low	One month %/A	Three months %/A	One year %/A	
Europe	(Sch)	16.3957	-0.001	897	017	16.3950	16.3951	16.3953	0.8
Australia	(A\$)	1.4617	-0.0003	943	-222	1.4616	1.4610	1.4611	1.2
Belgium	(Bfr)	48.0063	-0.0003	943	-222	48.0060	47.9910	47.9953	1.2
Denmark	(DKr)	8.2557	-0.0001	117	-386	8.2556	8.2550	8.2551	0.8
Finland	(Fmk)	7.2006	-0.0001	945	-066	7.2010	7.1930	7.1931	0.8
France	(FFr)	6.1864	-0.0004	838	-890	6.1860	6.1810	6.1798	1.0
Germany	(DM)	2.3222	-0.0011	313	-390	2.3220	2.3200	2.3201	1.5
Greece	(Dr)	369.153	-1.578	871	-438	371.717	369.922	369.923	0.8
Ireland	(Ir£)	1.0031	-0.0018	027	-035	1.0061	1.0018	1.0025	0.7
Italy	(Lit)	2602.42	-0.0001	931	-384	2602.42	2602.42	2602.42	0.8
Luxembourg	(Lfr)	48.0063	-0.0003	943	-222	48.0040	47.9910	47.9953	1.2
Netherlands	(Gld)	2.6134	-0.0019	123	-145	2.6274	2.6125	2.6127	1.0
Norway	(Nkr)	10.2888	-0.0004	847	-929	10.3222	10.2878	10.2879	0.2
Portugal	(Esc)	241.888	-0.0003	877	-088	241.888	241.888	241.888	0.8
Spain	(Ptas)	205.085	-0.0001	980	-200	206.074	204.734	204.44	2.0
Sweden	(Skr)	11.5314	-0.0002	847	-929	11.5868	11.5083	11.5039	-0.26
Switzerland	(Sfr)	1.9822	-0.0013	811	-832	1.9956	1.9811	1.9877	2.77
UK	(£)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
USA	(\$)	1.4617	-0.0003	944	-492	1.2616	1.2468	1.2482	0.8
South Africa	(Rand)	1.4617	-0.0003	944	-492	1.4617	1.4608	1.4609	0.8
South Korea	(Won)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
Taiwan	(New)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
Thailand	(Baht)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
Japan	(Yen)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
China	(Yuan)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
India	(Rupee)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
Indonesia	(Rupiah)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
Malaysia	(Ringgit)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
Philippines	(Peso)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
Singapore	(Dollar)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
Turkey	(Lira)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
Vietnam	(Dong)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
South Korea	(Won)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
Taiwan	(New)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
Thailand	(Baht)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
Japan	(Yen)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
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Singapore	(Dollar)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
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Taiwan	(New)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
Thailand	(Baht)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
Japan	(Yen)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
China	(Yuan)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
India	(Rupee)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
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Malaysia	(Ringgit)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
Philippines	(Peso)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
Singapore	(Dollar)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
Turkey	(Lira)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
Vietnam	(Dong)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
South Korea	(Won)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
Taiwan	(New)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
Thailand	(Baht)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
Japan	(Yen)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
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Philippines	(Peso)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
Singapore	(Dollar)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
Turkey	(Lira)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
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China	(Yuan)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
India	(Rupee)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
Indonesia	(Rupiah)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
Malaysia	(Ringgit)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
Philippines	(Peso)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
Singapore	(Dollar)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
Turkey	(Lira)	1.4617	-0.0001	484	-492	1.4617	1.4608	1.4609	0.8
Vietnam	(Dong)	1.4617							

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	1977-1980	1981-1983	1984-1986	1987-1989
Net income	\$51.694	\$44.738	\$39.825	\$47.877
Income taxes	25.1	20.1	17.8	21.2
Minority interest	198.0	197.0	191.0	192.0
1984-1986	198.0	197.0	191.0	192.0
1987-1989	198.0	197.0	191.0	192.0
1990-1992	198.0	197.0	191.0	192.0
1993-1995	198.0	197.0	191.0	192.0
1996-1998	198.0	197.0	191.0	192.0
1999-2001	198.0	197.0	191.0	192.0
2002-2004	198.0	197.0	191.0	192.0
2005-2007	198.0	197.0	191.0	192.0
2008-2010	198.0	197.0	191.0	192.0
2011-2013	198.0	197.0	191.0	192.0
2014-2016	198.0	197.0	191.0	192.0
2017-2019	198.0	197.0	191.0	192.0
2020-2022	198.0	197.0	191.0	192.0
2023-2025	198.0	197.0	191.0	192.0
2026-2028	198.0	197.0	191.0	192.0
2029-2031	198.0	197.0	191.0	192.0
2032-2034	198.0	197.0	191.0	192.0
2035-2037	198.0	197.0	191.0	192.0
2038-2040	198.0	197.0	191.0	192.0
2041-2043	198.0	197.0	191.0	192.0
2044-2046	198.0	197.0	191.0	192.0
2047-2049	198.0	197.0	191.0	192.0
2050-2052	198.0	197.0	191.0	192.0
2053-2055	198.0	197.0	191.0	192.0
2056-2058	198.0	197.0	191.0	192.0
2059-2061	198.0	197.0	191.0	192.0
2062-2064	198.0	197.0	191.0	192.0
2065-2067	198.0	197.0	191.0	192.0
2068-2070	198.0	197.0	191.0	192.0
2071-2073	198.0	197.0	191.0	192.0
2074-2076	198.0	197.0	191.0	192.0
2077-2079	198.0	197.0	191.0	192.0
2080-2082	198.0	197.0	191.0	192.0
2083-2085	198.0	197.0	191.0	192.0
2086-2088	198.0	197.0	191.0	192.0
2089-2091	198.0	197.0	191.0	192.0
2092-2094	198.0	197.0	191.0	192.0
2095-2097	198.0	197.0	191.0	192.0
2098-2100	198.0	197.0	191.0	192.0
2101-2103	198.0	197.0	191.0	192.0
2104-2106	198.0	197.0	191.0	192.0
2107-2109	198.0	197.0	191.0	192.0
2110-2112	198.0	197.0	191.0	192.0
2113-2115	198.0	197.0	191.0	192.0
2116-2118	198.0	197.0	191.0	192.0
2119-2121	198.0	197.0	191.0	192.0
2122-2124	198.0	197.0	191.0	192.0
2125-2127	198.0	197.0	191.0	192.0
2128-2130	198.0	197.0	191.0	192.0
2131-2133	198.0	197.0	191.0	192.0
2134-2136	198.0	197.0	191.0	192.0
2137-2139	198.0	197.0	191.0	192.0
2140-2142	198.0	197.0	191.0	192.0
2143-2145	198.0	197.0	191.0	192.0
2146-2148	198.0	197.0	191.0	192.0
2149-2151	198.0	197.0	191.0	192.0
2152-2154	198.0	197.0	191.0	192.0
2155-2157	198.0	197.0	191.0	192.0

* Source: Micropal, offer to bid; net income reinvested 12.90 to 13.295
Please note: The value of units, and the income from them, can fall as well as rise and you may not receive back all the money you invested.

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FT MANAGED FUNDS SERVICE

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Company Name	Unit Price	NAV	Dividend	Yield	Assets	Manager
Lincoln National - Global	1.12	1.12	0.05	4.5%	£1.2bn	John Smith
Lincoln National - UK	1.05	1.05	0.04	3.8%	£0.8bn	John Smith
Lincoln National - Europe	1.18	1.18	0.06	5.1%	£1.5bn	John Smith
Lincoln National - Asia	1.25	1.25	0.07	5.6%	£1.8bn	John Smith
Lincoln National - US	1.30	1.30	0.08	6.2%	£2.1bn	John Smith
Lincoln National - Japan	1.35	1.35	0.09	6.6%	£2.4bn	John Smith
Lincoln National - Australia	1.40	1.40	0.10	7.1%	£2.7bn	John Smith
Lincoln National - New Zealand	1.45	1.45	0.11	7.6%	£3.0bn	John Smith
Lincoln National - South Africa	1.50	1.50	0.12	8.0%	£3.3bn	John Smith
Lincoln National - Latin America	1.55	1.55	0.13	8.4%	£3.6bn	John Smith
Lincoln National - Middle East	1.60	1.60	0.14	8.9%	£3.9bn	John Smith
Lincoln National - Russia	1.65	1.65	0.15	9.4%	£4.2bn	John Smith
Lincoln National - Eastern Europe	1.70	1.70	0.16	9.9%	£4.5bn	John Smith
Lincoln National - Central Europe	1.75	1.75	0.17	10.3%	£4.8bn	John Smith
Lincoln National - Balkans	1.80	1.80	0.18	10.8%	£5.1bn	John Smith
Lincoln National - Turkey	1.85	1.85	0.19	11.3%	£5.4bn	John Smith
Lincoln National - Greece	1.90	1.90	0.20	11.8%	£5.7bn	John Smith
Lincoln National - Italy	1.95	1.95	0.21	12.3%	£6.0bn	John Smith
Lincoln National - France	2.00	2.00	0.22	12.8%	£6.3bn	John Smith
Lincoln National - Germany	2.05	2.05	0.23	13.3%	£6.6bn	John Smith
Lincoln National - Netherlands	2.10	2.10	0.24	13.8%	£6.9bn	John Smith
Lincoln National - Belgium	2.15	2.15	0.25	14.3%	£7.2bn	John Smith
Lincoln National - Luxembourg	2.20	2.20	0.26	14.8%	£7.5bn	John Smith
Lincoln National - Switzerland	2.25	2.25	0.27	15.3%	£7.8bn	John Smith
Lincoln National - Austria	2.30	2.30	0.28	15.8%	£8.1bn	John Smith
Lincoln National - Spain	2.35	2.35	0.29	16.3%	£8.4bn	John Smith
Lincoln National - Portugal	2.40	2.40	0.30	16.8%	£8.7bn	John Smith
Lincoln National - Ireland	2.45	2.45	0.31	17.3%	£9.0bn	John Smith
Lincoln National - Finland	2.50	2.50	0.32	17.8%	£9.3bn	John Smith
Lincoln National - Sweden	2.55	2.55	0.33	18.3%	£9.6bn	John Smith
Lincoln National - Norway	2.60	2.60	0.34	18.8%	£9.9bn	John Smith
Lincoln National - Denmark	2.65	2.65	0.35	19.3%	£10.2bn	John Smith
Lincoln National - Iceland	2.70	2.70	0.36	19.8%	£10.5bn	John Smith
Lincoln National - Estonia	2.75	2.75	0.37	20.3%	£10.8bn	John Smith
Lincoln National - Latvia	2.80	2.80	0.38	20.8%	£11.1bn	John Smith
Lincoln National - Lithuania	2.85	2.85	0.39	21.3%	£11.4bn	John Smith
Lincoln National - Poland	2.90	2.90	0.40	21.8%	£11.7bn	John Smith
Lincoln National - Czech Republic	2.95	2.95	0.41	22.3%	£12.0bn	John Smith
Lincoln National - Slovakia	3.00	3.00	0.42	22.8%	£12.3bn	John Smith
Lincoln National - Hungary	3.05	3.05	0.43	23.3%	£12.6bn	John Smith
Lincoln National - Slovenia	3.10	3.10	0.44	23.8%	£12.9bn	John Smith
Lincoln National - Croatia	3.15	3.15	0.45	24.3%	£13.2bn	John Smith
Lincoln National - Serbia	3.20	3.20	0.46	24.8%	£13.5bn	John Smith
Lincoln National - Montenegro	3.25	3.25	0.47	25.3%	£13.8bn	John Smith
Lincoln National - Bosnia	3.30	3.30	0.48	25.8%	£14.1bn	John Smith
Lincoln National - Herzegovina	3.35	3.35	0.49	26.3%	£14.4bn	John Smith
Lincoln National - Macedonia	3.40	3.40	0.50	26.8%	£14.7bn	John Smith
Lincoln National - Bulgaria	3.45	3.45	0.51	27.3%	£15.0bn	John Smith
Lincoln National - Romania	3.50	3.50	0.52	27.8%	£15.3bn	John Smith
Lincoln National - Moldova	3.55	3.55	0.53	28.3%	£15.6bn	John Smith
Lincoln National - Ukraine	3.60	3.60	0.54	28.8%	£15.9bn	John Smith
Lincoln National - Belarus	3.65	3.65	0.55	29.3%	£16.2bn	John Smith
Lincoln National - Kazakhstan	3.70	3.70	0.56	29.8%	£16.5bn	John Smith
Lincoln National - Kyrgyzstan	3.75	3.75	0.57	30.3%	£16.8bn	John Smith
Lincoln National - Uzbekistan	3.80	3.80	0.58	30.8%	£17.1bn	John Smith
Lincoln National - Turkmenistan	3.85	3.85	0.59	31.3%	£17.4bn	John Smith
Lincoln National - Tajikistan	3.90	3.90	0.60	31.8%	£17.7bn	John Smith
Lincoln National - Georgia	3.95	3.95	0.61	32.3%	£18.0bn	John Smith
Lincoln National - Armenia	4.00	4.00	0.62	32.8%	£18.3bn	John Smith
Lincoln National - Azerbaijan	4.05	4.05	0.63	33.3%	£18.6bn	John Smith
Lincoln National - Republic of Moldova	4.10	4.10	0.64	33.8%	£18.9bn	John Smith
Lincoln National - Ukraine	4.15	4.15	0.65	34.3%	£19.2bn	John Smith
Lincoln National - Belarus	4.20	4.20	0.66	34.8%	£19.5bn	John Smith
Lincoln National - Kazakhstan	4.25	4.25	0.67	35.3%	£19.8bn	John Smith
Lincoln National - Kyrgyzstan	4.30	4.30	0.68	35.8%	£20.1bn	John Smith
Lincoln National - Uzbekistan	4.35	4.35	0.69	36.3%	£20.4bn	John Smith
Lincoln National - Turkmenistan	4.40	4.40	0.70	36.8%	£20.7bn	John Smith
Lincoln National - Tajikistan	4.45	4.45	0.71	37.3%	£21.0bn	John Smith
Lincoln National - Georgia	4.50	4.50	0.72	37.8%	£21.3bn	John Smith
Lincoln National - Armenia	4.55	4.55	0.73	38.3%	£21.6bn	John Smith
Lincoln National - Azerbaijan	4.60	4.60	0.74	38.8%	£21.9bn	John Smith
Lincoln National - Republic of Moldova	4.65	4.65	0.75	39.3%	£22.2bn	John Smith
Lincoln National - Ukraine	4.70	4.70	0.76	39.8%	£22.5bn	John Smith
Lincoln National - Belarus	4.75	4.75	0.77	40.3%	£22.8bn	John Smith
Lincoln National - Kazakhstan	4.80	4.80	0.78	40.8%	£23.1bn	John Smith
Lincoln National - Kyrgyzstan	4.85	4.85	0.79	41.3%	£23.4bn	John Smith
Lincoln National - Uzbekistan	4.90	4.90	0.80	41.8%	£23.7bn	John Smith
Lincoln National - Turkmenistan	4.95	4.95	0.81	42.3%	£24.0bn	John Smith
Lincoln National - Tajikistan	5.00	5.00	0.82	42.8%	£24.3bn	John Smith
Lincoln National - Georgia	5.05	5.05	0.83	43.3%	£24.6bn	John Smith
Lincoln National - Armenia	5.10	5.10	0.84	43.8%	£24.9bn	John Smith
Lincoln National - Azerbaijan	5.15	5.15	0.85	44.3%	£25.2bn	John Smith
Lincoln National - Republic of Moldova	5.20	5.20	0.86	44.8%	£25.5bn	John Smith
Lincoln National - Ukraine	5.25	5.25	0.87	45.3%	£25.8bn	John Smith
Lincoln National - Belarus	5.30	5.30	0.88	45.8%	£26.1bn	John Smith
Lincoln National - Kazakhstan	5.35	5.35	0.89	46.3%	£26.4bn	John Smith
Lincoln National - Kyrgyzstan	5.40	5.40	0.90	46.8%	£26.7bn	John Smith
Lincoln National - Uzbekistan	5.45	5.45	0.91	47.3%	£27.0bn	John Smith
Lincoln National - Turkmenistan	5.50	5.50	0.92	47.8%	£27.3bn	John Smith
Lincoln National - Tajikistan	5.55	5.55	0.93	48.3%	£27.6bn	John Smith
Lincoln National - Georgia	5.60	5.60	0.94	48.8%	£27.9bn	John Smith
Lincoln National - Armenia	5.65	5.65	0.95	49.3%	£28.2bn	John Smith
Lincoln National - Azerbaijan	5.70	5.70	0.96	49.8%	£28.5bn	John Smith
Lincoln National - Republic of Moldova	5.75	5.75	0.97	50.3%	£28.8bn	John Smith
Lincoln National - Ukraine	5.80	5.80	0.98	50.8%	£29.1bn	John Smith
Lincoln National - Belarus	5.85	5.85	0.99	51.3%	£29.4bn	John Smith
Lincoln National - Kazakhstan	5.90	5.90	1.00	51.8%	£29.7bn	John Smith
Lincoln National - Kyrgyzstan	5.95	5.95	1.01	52.3%	£30.0bn	John Smith
Lincoln National - Uzbekistan	6.00	6.00	1.02	52.8%	£30.3bn	John Smith
Lincoln National - Turkmenistan	6.05	6.05	1.03	53.3%	£30.6bn	John Smith
Lincoln National - Tajikistan	6.10	6.10	1.04	53.8%	£30.9bn	John Smith
Lincoln National - Georgia	6.15	6.15	1.05	54.3%	£31.2bn	John Smith
Lincoln National - Armenia	6.20	6.20	1.06	54.8%	£31.5bn	John Smith
Lincoln National - Azerbaijan	6.25	6.25	1.07	55.3%	£31.8bn	John Smith
Lincoln National - Republic of Moldova	6.30	6.30	1.08	55.8%	£32.1bn	John Smith
Lincoln National - Ukraine	6.35	6.35	1.09	56.3%	£32.4bn	John Smith
Lincoln National - Belarus	6.40	6.40	1.10	56.8%	£32.7bn	John Smith
Lincoln National - Kazakhstan	6.45	6.45	1.11	57.3%	£33.0bn	John Smith
Lincoln National - Kyrgyzstan	6.50	6.50	1.12	57.8%	£33.3bn	John Smith
Lincoln National - Uzbekistan	6.55	6.55	1.13	58.3%	£33.6bn	John Smith
Lincoln National - Turkmenistan	6.60	6.60	1.14	58.8%	£33.9bn	John Smith
Lincoln National - Tajikistan	6.65	6.65	1.15	59.3%	£34.2bn	John Smith
Lincoln National - Georgia	6.70	6.70	1.16	59.8%	£34.5bn	John Smith
Lincoln National - Armenia	6.75	6.75	1.17	60.3%	£34.8bn	John Smith
Lincoln National - Azerbaijan	6.80	6.80	1.18	60.8%	£35.1bn	John Smith
Lincoln National - Republic of Moldova	6.85	6.85	1.19	61.3%	£35.4bn	John Smith
Lincoln National - Ukraine	6.90	6.90	1.20	61.8%	£35.7bn	John Smith
Lincoln National - Belarus	6.95	6.95	1.21	62.3%	£36.0bn	John Smith
Lincoln National - Kazakhstan	7.00	7.00	1.22	62.8%	£36.3bn	John Smith
Lincoln National - Kyrgyzstan	7.05	7.05	1.23	63.3%	£36.6bn	John Smith
Lincoln National - Uzbekistan	7.10	7.10	1.24	63.8%	£36.9bn	John Smith
Lincoln National - Turkmenistan	7.15	7.15	1.25	64.3%	£37.2bn	John Smith
Lincoln National - Tajikistan	7.20	7.20	1.26	64.8%	£37.5bn	John Smith
Lincoln National - Georgia	7.25	7.25	1.27	65.3%	£37.8bn	John Smith
Lincoln National - Armenia	7.30	7.30	1.28	65.8%	£38.1bn	John Smith
Lincoln National - Azerbaijan	7.35	7.35	1.29	66.3%	£38.4bn	John Smith
Lincoln National - Republic of Moldova	7.40	7.40	1.30	66.8%	£38.7bn	John Smith
Lincoln National - Ukraine	7.45	7.45	1.31	67.3%	£39.0bn	John Smith
Lincoln National - Belarus	7.50	7.50	1.32	67.8%	£39.3bn	John Smith
Lincoln National - Kazakhstan	7.55	7.55	1.33	68.3%	£39.6bn	John Smith
Lincoln National - Kyrgyzstan	7.60	7.60	1.34	68.8%	£39.9bn	John Smith
Lincoln National - Uzbekistan	7.65	7.65	1.35	69.3%	£40.2bn	John Smith
Lincoln National - Turkmenistan	7.70	7.70	1.36	69.8%	£40.5bn	John Smith
Lincoln National - Tajikistan	7.75	7.75	1.37	70.3%	£40.8bn	John Smith
Lincoln National - Georgia	7.80	7.80	1.38	70.8%	£41.1bn	John Smith
Lincoln National - Armenia	7.85	7.85	1.39	71.3%	£41.4bn	John Smith
Lincoln National - Azerbaijan	7.90	7.90	1.40	71.8%	£41.7bn	John Smith
Lincoln National - Republic of Moldova	7.95	7.95	1.41	72.3%	£42.0bn	John Smith
Lincoln National - Ukraine	8.00	8.00	1.42	72.8%	£42.3bn	John Smith
Lincoln National - Belarus	8.05	8.05	1.43	73.3%	£42.6bn	John Smith
Lincoln National - Kazakhstan	8.10	8.10	1.44	73.8%	£42.9bn	John Smith
Lincoln National - Kyrgyzstan	8.15	8.15	1.45	74.3%	£43.2bn	John Smith
Lincoln National - Uzbekistan	8.20	8.20	1.46	74.8%	£43.5bn	John Smith
Lincoln National - Turkmenistan	8.25	8.25	1.47	75.3%	£43.8bn	John Smith
Lincoln National - Tajikistan	8.30	8.30	1.48	75.8%	£44.1bn	John Smith
Lincoln National - Georgia	8.35	8.35	1.49	76.3%	£44.4bn	John Smith
Lincoln National - Armenia	8.40	8.40	1.50	76.8%	£44.7bn	John Smith
Lincoln National - Azerbaijan	8.45	8.45	1.51	77.3%	£45.0bn	John Smith
Lincoln National - Republic of Moldova	8.50	8.50	1.52	77.8%	£45.3bn	John Smith
Lincoln National - Ukraine	8.55	8.55	1.53	78.3%	£45.6bn	John Smith
Lincoln National - Belarus	8.60	8.60	1.54	78.8%	£45.9bn	John Smith
Lincoln National - Kazakhstan	8.65	8.65	1.55	79.3%	£46.2bn	John Smith
Lincoln National - Kyrgyzstan	8.70	8.70	1.56	79.8%	£46.5bn	John Smith
Lincoln National - Uzbekistan	8.75	8.75	1.57	80.3%	£46.8bn	John Smith
Lincoln National - Turkmenistan	8.80	8.80	1.58	80.8%	£47.1bn	John Smith
Lincoln National - Tajikistan	8.85	8.85	1.59	81.3%	£47.4bn	John Smith
Lincoln National - Georgia	8.90	8.90	1.60	81.8%	£47.7bn	John Smith
Lincoln National - Armenia	8.95	8.95	1.61	82.3%	£48.0bn	John Smith
Lincoln National - Azerbaijan	9.00	9.00	1.62	82.8%	£48.3bn	John Smith
Lincoln National - Republic of Moldova	9.05	9.05	1.63	83.3%	£48.6bn	John Smith
Lincoln National - Ukraine	9.10	9.10	1.64	83.8%	£48.9bn	John Smith
Lincoln National - Belarus	9.15	9.15	1.65	84.3%	£49.2bn	John Smith
Lincoln National - Kazakhstan	9.20	9.20	1.66	84.8%	£49.5bn	John Smith
Lincoln National - Kyrgyzstan	9.25	9.25	1.67	85.3%	£49.8bn	John Smith
Lincoln National - Uzbekistan	9.30	9.30	1.68	85.8%	£50.1bn	John Smith
Lincoln National - Turkmenistan	9.35	9.35	1.69	86.3%	£50.4bn	John Smith
Lincoln National - Tajikistan	9.40	9.40	1.70	86.8%	£50.7bn	John Smith
Lincoln National - Georgia	9.45	9.45	1.71	87.3%	£51.0bn	John Smith
Lincoln National - Armenia	9.50	9.50	1.72	87.8%	£51.3bn	John Smith
Lincoln National - Azerbaijan	9.55	9.55	1.73	88.3%	£51.6bn	John Smith
Lincoln National - Republic of Moldova	9.60	9.60	1.74	88.8%	£51.9bn	John Smith
Lincoln National - Ukraine	9.65	9.65	1.75	89.3%	£52.2bn	John Smith
Lincoln National - Belarus	9.70	9.70	1.76	89.8%	£52.5bn	John Smith
Lincoln National - Kazakhstan	9.75	9.75	1.77	90.3%	£52.8bn	John Smith
Lincoln National - Kyrgyzstan	9.80	9.80	1.78	90.8%	£53.1bn	John Smith
Lincoln National - Uzbekistan	9.85	9.85	1.79	91.3%	£53.4bn	John Smith
Lincoln National - Turkmenistan	9.90					

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WORLD STOCK MARKETS

AMERICA

Data takes edge off Dow's advance

Wall Street

Blind chip shares bounced around the 4,000 mark yesterday morning as stronger than expected economic figures dampened hopes that the economy could slow without another interest rate increase, writes *Leo Branstetter* in New York.

By 1 pm the Dow Jones Industrial Average had fallen back 9.08 from Thursday's record close of 4,008.33, to 3,999.25. The more broadly traded Standard & Poor's 500 lost 0.85 at 486.98 and the American Stock Exchange composite fell 0.96 to 446.40.

The Nasdaq composite lost 3.46 at 787.89. Trading volume on the NYSE was heavy at 176m shares.

News that durable goods orders rose 0.6 per cent in January also threw off the bond market, where investors feared renewed fears that inflation would erode the value of their

holdings. Most economists expected a decline in orders for the month.

Near midday the longbond was down a quarter of a point and the yield had pushed up to 7.556 per cent. The two-year note lost nearly an eighth of a point to yield 6.926 per cent.

Particularly alarming to stock and bond market investors was an 8.6 per cent increase in the order of non-defense capital goods.

Ms Marilyn Schjaja of Dandelson, Lufkin & Jenrette called the statistics "extremely significant as they suggest that the slowdown in the manufacturing sector depicted by this series and other data during the past few months may not be as rapid as market participants have been hoping for."

The rally that led the Dow up through 4,000 on Thursday was built on data - such as rising unemployment figures - that led many to believe that the economy would slow to sustainable levels without

another interest rate increase.

Meanwhile, the dollar was mixed against the D-Mark and the Japanese yen. In morning trading the greenback managed to reverse recent declines against the Japanese currency, but still further against the German mark.

Among the biggest losers were cyclical issues within the Dow such as Caterpillar, down 4.1% at \$51.74, Aluminimum Company of America, off 3% at \$61.4, General Electric, 3% lower at \$54.4, and Boeing, which lost 3% at \$46.4.

Shares in consumer goods companies, which are generally viewed as good hedges against economic downturn, outperformed cyclical stocks. The Morgan Stanley index of consumer companies was up slightly, while the counterpart index of cyclical companies was off nearly 0.3 per cent.

Rising consumer goods shares included Coca-Cola, up 1% at \$54.4, General Mills, 1% at \$56.1, and Johnson & Johnson, 1% at \$57.4.

Borland International gained more than 12 per cent on rumors that the software company had reached a settlement in a copyright infringement suit filed against the company by Lotus Development.

In morning trading, Borland shares were up 61 at \$9.4.

Canada

Toronto stocks continued to fall at midday as many investors began to take positions ahead of Monday's federal budget. The TSE 300 index was down 20.7 to 4,122.40 in volume of 35.3m shares valued at \$14.62m.

Declining issues outpaced advances, 256 to 264, with 236 stocks unchanged.

Latin America

Mexico's IPC index fell below the 1,600 support level as worries intensified that a large number of companies could go

bankrupt if the economy went into recession. The IPC index was off 27.70 or 1.7 per cent at 1,584.02 by midmorning, although volume was low at about 5m shares.

Analysts said that the market's short-term direction now depended on the government sending a clear signal regarding the direction of its economic policy.

Brazil, in contrast, made strong gains, with the Bovespa index in São Paulo up 1.061 or 3.3 per cent at 33,236. Investors remained optimistic that the privatisation programme would be launched in the near future. Turnover was \$312.1m (\$14.8m).

Short-covering ahead of the country's Carnival holiday kept the week also provided support.

Blue chips led the rally, with Vale do Rio Doce preferred up 5.4 per cent at \$126.50. Telebras preferred up 3.6 per cent at \$25.50 and Petrosbras up 2.3 per cent at \$40.00.

Political manoeuvres depress Italian equities

Andrew Hill reports on a busy week in Milan

The Italian stock market has had plenty to digest this week. The lira dropped to a new record low against the D-Mark, the Bank of Italy raised interest rates to combat a surge in inflation, and the government announced a L20,000bn mini-budget.

But investors in all Italian financial markets have learned not just to cope with current crises, but to look out for the next one and even the one after that.

On Thursday morning equities rose sharply after the presentation of a package of cuts and tax increases by Mr Lamberto Dini, the prime minister and treasury minister.

But the real-time Mibtel index closed at 10,021, down 119 on the day as traders worried about how parliament would react to the manoeuvre, which is aimed at plugging a shortfall in the 1995 budget.

"The problem is one of investor sentiment," said Mr Gianni Alfavara, head of research at Interim, the Italian securities house. "The manoeuvre is positive, but it must still be approved [by parliament], and given the uncertain political situation you cannot be sure of anything."

When, in the middle of last month, Mr Dini was appointed prime minister, at the head of a technocratic government, there was a surge of optimism on the equity market, helped by renewed interest among small investors. The Comit index, calculated once a day, rose by 5.1 per cent in a day to nearly 670, its biggest one-day increase for nearly nine years, and until last week, had found support at this level.

But that optimism has been undermined in the last two weeks, as allies of Mr Silvio Berlusconi, Mr Dini's predecessor as prime minister, have continued to repeat their call for early elections, casting doubt on the ability of the Dini government to tackle structural reform of the pension system, and with it the country's looming public debt.

The Comit index has already slipped from a high of 680 in the first week of this month to

yesterday's close of 627.51, down 1 per cent on the day and 4.3 per cent on the week.

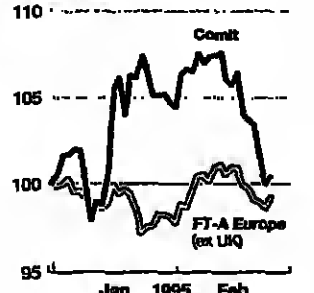
Analysts believe that at current prices Italian equities are still slightly overvalued at an average of 18 or 19 times prospective earnings for 1995, against a 10-year historic pie of between 16 and 17.

The mini-budget itself could have a slightly negative impact on corporate earnings. For example, Mr Dini has proposed a 1 percentage point increase in basic corporate tax, from 36 to 37 per cent, and decided to pay certain company reserves, which had previously been exempt.

But for most analysts, Italy's political and economic fragility

Italy

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EUROPE

German carmakers' woes move share prices

Model recalls by German car companies gave bourses a little exercise after Thursday's gains, writes *Our Markets Staff*.

FRANKFURT's carmakers subsided as the Dax index retreated from Thursday's post-bourse highs, ending at an index of 2,117.59, down 8.85 on the day and up a fraction on the week after a session close of 2,118.64.

Turnover fell from DM6.4bn to DM5.6bn. Volkswagen's recall of up to 1.5m 1993-94 Golf and Jetta cars to check coolant circulation problems left VW DM6.70 lower at DM404.50; in reactive mode, BMW fell DM9.40 to DM769.10 and Daimler DM6 to DM723, the strength of the D-Mark adding to their depression.

PARIS erased nearly all of Thursday's gains as the French franc slid further against the D-Mark and investors worried that local interest rates might have to be raised.

The CAC-40 index fell 21.27 to 1,805.74, recording a 1 per cent fall, both on the session and on the week. Low turnover

FT-SE Actuaries Share Index

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Actuaries 100	1306.00	1306.02	1306.02	1306.04	1306.20	1305.77	1305.13	1303.06
FT-SE Actuaries 200	1370.72	1370.42	1370.71	1370.80	1371.72	1370.40	1370.39	1370.13

THE EUROPEAN SERIES

Hourly changes

FT-SE Actuaries 100

FT-SE Actuaries 200

FT-SE Actuaries 300

FT-SE Actuaries 400

FT-SE Actuaries 500

FT-SE Actuaries 600

FT-SE Actuaries 700

FT-SE Actuaries 800

FT-SE Actuaries 900

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FT-SE Actuaries 4400

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FT-SE Actuaries 4600

FT-SE Actuaries 4700

FT-SE Actuaries 4800

FT-SE Actuaries 4900

FT-SE Actuaries 5000

FT-SE Actuaries 5100

FT-SE Actuaries 5200

FT-SE Actuaries 5300

FT-SE Actuaries 5400

FT-SE Actuaries 5500

FT-SE Actuaries 5600

FT-SE Actuaries 5700

FT-SE Actuaries 5800

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FT-SE Actuaries 6000

FT-SE Actuaries 6100

FT-SE Actuaries 6200

FT-SE Actuaries 6300

FT-SE Actuaries 6400

FT-SE Actuaries 6500

FT-SE Actuaries 6600

FT-SE Actuaries 6700

FT-SE Actuaries 6800

FT-SE Actuaries 6900

FT-SE Actuaries 7000

FT-SE Actuaries 7100

FT-SE Actuaries 7200

FT-SE Actuaries 7300

FT-SE Actuaries 7400

FT-SE Actuaries 7500

FT-SE Actuaries 7600

FT-SE Actuaries 7700

FT-SE Actuaries 7800

1

INVESTMENT TRUSTS - Cont.

	Notes	Price	% Chg
Harrington Per East... \$44		366	+2
Fluorine Plastics... \$41		339	-2
Fluorine High Vac... \$46		422	
Fluorine Indus... \$44		28	
Fluorine Indus... \$46		70 1/2	+1 1/2
Warrington... \$41		41	-1
Fluorine Johnson... \$48		22 1/2	-2
Warrington... \$44		264	
Fluorine... \$44		258	
Fluorine Nuclear Res... \$44		31	-1
Warrington... \$44		18	
Fluorine Overseas... \$48		229 1/2	-2
Fluorine & Col... \$44		133 1/2	-1
Fluorine... \$44		182	-1
Warrington... \$44		98	+1
Fluorine... \$44		622 1/2	-1
Fluorine... \$44		78 1/2	-1
Fluorine... \$44		77	

For & Col East - 1991	210	111	143
For & Col Germany - 1991	124	111	143
Unknown	78	111	143

[illegible]

Group Dev	42	1	23
Wharfedale	16	1	23
1700-1800 Hours	16	1	23

[illegible]

Wages	28	—	31
Cow Annuity	140nd	—	168
Richard's Charge	20nd	-1	243

Albuquerque, NM	140	140
Albany, NY	140	140
Albany, OR	140	140
Albany, TN	140	140
Albany, VT	140	140
Albany, WA	140	140
Albany, WI	140	140
Albany, WY	140	140
Albany, ZI	140	140
Albany, ZJ	140	140
Albany, ZK	140	140
Albany, ZL	140	140
Albany, ZM	140	140
Albany, ZN	140	140
Albany, ZO	140	140
Albany, ZP	140	140
Albany, ZQ	140	140
Albany, ZR	140	140
Albany, ZS	140	140
Albany, ZT	140	140
Albany, ZU	140	140
Albany, ZV	140	140
Albany, ZW	140	140
Albany, ZX	140	140
Albany, ZY	140	140
Albany, ZZ	140	140
Albany, ZAA	140	140
Albany, ZAB	140	140
Albany, ZAC	140	140
Albany, ZAD	140	140
Albany, ZAE	140	140
Albany, ZAF	140	140
Albany, ZAG	140	140
Albany, ZAH	140	140
Albany, ZAI	140	140
Albany, ZAJ	140	140
Albany, ZAK	140	140
Albany, ZAL	140	140
Albany, ZAM	140	140
Albany, ZAN	140	140
Albany, ZAO	140	140
Albany, ZAP	140	140
Albany, ZAQ	140	140
Albany, ZAR	140	140
Albany, ZAS	140	140
Albany, ZAT	140	140
Albany, ZAU	140	140
Albany, ZAV	140	140
Albany, ZAW	140	140
Albany, ZAX	140	140
Albany, ZAY	140	140
Albany, ZAZ	140	140
Albany, ZBA	140	140
Albany, ZBB	140	140
Albany, ZBC	140	140
Albany, ZBD	140	140
Albany, ZBE	140	140
Albany, ZBF	140	140
Albany, ZBG	140	140
Albany, ZBH	140	140
Albany, ZBI	140	140
Albany, ZBJ	140	140
Albany, ZBK	140	140
Albany, ZBL	140	140
Albany, ZBM	140	140
Albany, ZBN	140	140
Albany, ZBO	140	140
Albany, ZBP	140	140
Albany, ZBQ	140	140
Albany, ZBR	140	140
Albany, ZBS	140	140
Albany, ZBT	140	140
Albany, ZBU	140	140
Albany, ZBV	140	140
Albany, ZBW	140	140
Albany, ZBX	140	140
Albany, ZBY	140	140
Albany, ZBZ	140	140
Albany, ZCA	140	140
Albany, ZCB	140	140
Albany, ZCC	140	140
Albany, ZCD	140	140
Albany, ZCE	140	140
Albany, ZCF	140	140
Albany, ZCG	140	140
Albany, ZCH	140	140
Albany, ZCI	140	140
Albany, ZCJ	140	140
Albany, ZCK	140	140
Albany, ZCL	140	140
Albany, ZCM	140	140
Albany, ZCN	140	140
Albany, ZCO	140	140
Albany, ZCP	140	140
Albany, ZCQ	140	140
Albany, ZCR	140	140
Albany, ZCS	140	140
Albany, ZCT	140	140
Albany, ZCU	140	140
Albany, ZCV	140	140
Albany, ZCW	140	140
Albany, ZCX	140	140
Albany, ZCY	140	140
Albany, ZCZ	140	140
Albany, ZDA	140	140
Albany, ZDB	140	140
Albany, ZDC	140	140
Albany, ZDD	140	140
Albany, ZDE	140	140
Albany, ZDF	140	140
Albany, ZDG	140	140
Albany, ZDH	140	140
Albany, ZDI	140	140
Albany, ZDJ	140	140
Albany, ZDK	140	140
Albany, ZDL	140	140
Albany, ZDM	140	140
Albany, ZDN	140	140
Albany, ZDO	140	140
Albany, ZDP	140	140
Albany, ZDQ	140	140
Albany, ZDR	140	140
Albany, ZDS	140	140
Albany, ZDT	140	140
Albany, ZDU	140	140
Albany, ZDV	140	140
Albany, ZDW	140	140
Albany, ZDX	140	140

Perpetual Japan	<input type="checkbox"/>	62	-1	125
Warrants	<input type="checkbox"/>	31	-1	98

[illegible]

Warranty	
Power windows	
Interior trim	
Exterior trim	
Paint	
Engine	
Transmission	
Drivetrain	
Suspension	
Brakes	
Tires	
Electrical	
Air conditioning	
Rear window wiper	
Antilock brakes	
ABS	
Stability control	
Blind spot monitoring	
Cruise control	
Keyless entry	
Remote start	
Alarm system	
Immobilizer	
Anti-theft device	
Security system	
Fire alarm	
Smoke detector	
Carbon monoxide detector	
Gas leak detector	
Water level sensor	
Flood sensor	
Door ajar sensor	
Trunk ajar sensor	
Hood ajar sensor	
Seat belt sensor	
Child seat sensor	
Infant car seat sensor	
Booster seat sensor	
Vehicle speed sensor	
Engine oil pressure sensor	
Water pump sensor	
Alternator sensor	
Battery sensor	
Headlight sensor	
Turn signal sensor	
Brake pedal sensor	
Clutch pedal sensor	
Shift lever sensor	
Parking brake sensor	
Handbrake sensor	
Steering wheel sensor	
Ignition switch sensor	
Door lock sensor	
Window lock sensor	
Mirror lock sensor	
Side mirror sensor	
Door handle sensor	
Trunk handle sensor	
Hood handle sensor	
Seat belt buckle sensor	
Child seat buckle sensor	
Infant car seat buckle sensor	
Booster seat buckle sensor	
Vehicle speed sensor	
Engine oil pressure sensor	
Water pump sensor	
Alternator sensor	
Battery sensor	
Headlight sensor	
Turn signal sensor	
Brake pedal sensor	
Clutch pedal sensor	
Shift lever sensor	
Parking brake sensor	
Handbrake sensor	
Steering wheel sensor	
Ignition switch sensor	
Door lock sensor	
Window lock sensor	
Mirror lock sensor	
Side mirror sensor	
Door handle sensor	
Trunk handle sensor	
Hood handle sensor	
Seat belt buckle sensor	
Child seat buckle sensor	
Infant car seat buckle sensor	
Booster seat buckle sensor	

[illegible]
$$219\frac{10}{11} \quad -1\frac{1}{2} \quad 227\frac{3}{2} \quad 2$$

صبرنا من الامل

INVESTMENT COMPANIES - Cont.

Oil Exploration & Production - Cont

PROPERTY**RETAILERS GENERAL Corp.**

TRANSPORT Cost

[illegible]

OTHER INVESTMENT TRUSTS

[illegible]

INVESTMENT COMPANIES

[illegible]

Granada TV A	—	—	353	228
Granorich Comm	13	—	77	15

[illegible]

PAPER, PACKAGING & PRINTING

[illegible]

Brainer Bros	—	TV	2:30	4:30
	—	TV	4:30	—

Marly Fries	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74
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Brickentridge -	312	—	174
Bridgeport - Gundry -	111	—	121

[illegible]

Symbols referring to dividend status appear in the notes column and

[illegible]

Weekend FT

Seven summits of a climber's world

Rebecca Stephens battled jungle and snow storm to climb the highest peak on each continent

The wind blew and, by God, it was cold. I made the mistake of taking off my gloves - for 20 seconds, no more. The warmth drained from them like water from a jug. In a panic I stumbled across the rocks and threw myself into the tent where John, my companion, cupped my stiffened hands in his. He prized open my fingers and, in horror, gazed upon my palms. They were dappled in patches of frost-nip.

I wondered then, if we would make it. We were on Aconcagua, at 22,334ft, the highest peak in the Andes, and more important, to me, the highest mountain in the whole of South America. It had been a notion of mine for a couple of years to climb the highest mountain in each of the world's seven continents. This Andean monster, a slag-heap crushingly dull to the eye, was my sixth of the Seven Summits - and the most savagely inhospitable. Yet this whole game had started so peacefully.

It was summer, 1991. I was in the office and Lucy, a friend of mine, called: "I'm off to Africa, for a month," she said. "Any suggestions?"

As a student I spent three idyllic months working on a farm in Africa - and often I had looked up at Kilimanjaro. "I'll come," I suggested. So I did. The two of us ambled joyfully to the top of Africa and down again. It was heaven. The following year I found myself on the highest peak in North America. This time with a purpose in mind. I was off to Everest the following spring on the DHL British 40th Anniversary Expedition. Mount McKinley in Alaska, just a smidge below the Arctic Circle, was a training

ground. "Not," warned a mountain veteran, "to be underestimated."

My memory is fading, but when I think of that mountain I think of snow holes, coffin-like with the ceiling falling in. Five of us were stuck in one for eight days. I think of black toe-nails, numb ears, frost-nipped noses, and shiver at the very thought of the wind. Seven people died while we were there. It was ghastly, the worst recorded weather in 30 years. But we made it. Once the immediate horrors of it all were forgotten, when we had cleansed our bodies of the fifth and replenished the calories lost, I felt so immensely, shamelessly pleased that I believed anything, anything to be possible. Everest? No problem.

Such confidence wanes, but sitting on the flight home from Anchorage, still captured by this spirit, I promised myself if I got up the big one, I will climb the remaining four summits.

I climbed Everest, conveniently forgetting that a few years earlier, when reporting for the Financial Times on an expedition there, I had thought everyone intent on getting to the top (especially the women, as it happened) was missing a crucial screw or two. And so, I was able to undertake an absurdly extravagant adventure, again thanks to DHL, that was to take me to every continent on earth. I counted North and South America as two, and refused to overlook Antarctica. Australasia was tricky. There is some argument whether the highest peak is Kosciuszko on mainland Australia or a mountain called Carstensz Pyramid on the western half of the island of New Guinea. Carstensz Pyra-



Rebecca Stephens tackling Carstensz Pyramid

mid is in Irian Jaya, a province of Indonesia, and thus politically in Asia, but it is geographically on the Australian continental shelf.

I favoured Carstensz Pyramid because Kosciuszko is a mere pimple, because Reinhold Messner does and because Irian Jaya is fascinating. It is wild. The women wear grass skirts and the men not a stitch of clothing but a penis gourd. They store tobacco and money in the gourds, topping the lot with a sweet potato.

I flew in a Twin Otter to a muddy grass strip cleared in the highland jungle at about

9,000ft. My travelling companion was Graham McMahon, a rock climbing wizard. He would be a handy companion indeed - if ever we got to the mountain.

Time was in short supply, we had planned to fly from the village to the foot of Carstensz by helicopter. But the helicopter did not show. I could cheerfully have killed the operator at the time, but in hindsight his falling was our gain. We would have missed market day. It was early Friday, as I looked across the valley, cleared of trees, tamed by the hoe, and green - an almost

synthetic, fluorescent green - small bands of men stepped from the surrounding jungle. They strode in single file and with graceful gait towards the market place. For a few short hours, the village heaved. It is the men who are the peacocks. Dressed in their finery - scarlet beads, arm bands, ankle bands, head dresses with bits of fur, feathers, reeds, leaves, and penis gourds often painstakingly decorated - their faces painted with garish flair, they were magnificent in their proud, muscular display. They stood in small groups, the young ones draping noncha-

lantly against a post, or over one another while the women sold their wares.

Morning turned to afternoon, and evening, still no helicopter. "We'll walk," I declared.

"It'll take seven days," said Dixon, our local guide.

Assuming the helicopter would at least pick us up from the mountain and fly us home (and we had no choice but to

trust the operator here), that would leave us only one day to climb the mountain. Graham, Dixon, myself, and 20 able-bodied men and women, carrying kit for us, sweet potatoes and tobacco and a tiny bag of salt each, for themselves, set off next day, through the jungle.

For five days we fought our way up and over tree roots as slippery as the proverbial snake, through mud to our thighs, rivers gushing high above our waists and across heath, straight from Jurassic Park. There were prehistoric trees all about, with mops of fern atop hairy trunks, and strange limestone pinnacles like the figurative statues on Easter Island. By day it was the perfect biology field trip - a million life cycles born and rotting before our eyes. At night the porters gathered around a fire and sang sweet, sensual lullabies.

At the penultimate camp, beside a lake steely grey under heavy skies, Graham had a brainwave: "How about an Alpine start? Three, four hours and we'd be at base camp. If tomorrow we started sharpish at 2am, we could be at the foot of the route by 6am - up and down in a day - with still a day as contingency should we need it."

The problem was walking in the dark, while still so cold. Poor Alus the porter had bare legs and bands. Even with snow falling beneath his flip-flopped feet, he trudged on. The path took us high over a 14,000ft pass and down again, and, as night faded, there, ahead of us, was our mountain.

We shook hands with Alus and Dixon and, at last, started our climb. Carstensz is a vast slab of corrugated limestone. It is a rock climb - requiring ropes and karabiners and such - the only one of the Seven that is. Graham led. I followed. We had been led to believe the first few pitches were tricky. "It's easy!" I cried.

"Hardly a difficult move on it," he shouted down.

Boy, we were cocky. With a lightness in our hearts and our steps, we scrambled swiftly up rock and across snow. Strangely, there was lots of snow, even though we were on the equator. Within a couple of hours we stood on the summit ridge, waving and screaming down at Alus and Dixon who waved up at us from far below. It was a long ridge, however. "Three hours and we'll crack it," we declared.

It was a conservative estimate. A few paces along the ridge and we were perched atop a snowy precipice, gazing down into a notch in the ridge about 60ft deep, with steep rock walls on both sides.

"It's impossible," I said.

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NEXT WEEK
Cockpit where Europe's bureaucrats do battle



Joe Rogaly

Next: the Scottish question

The Northern Ireland accord raises questions for other parts of the UK

Ulster may have an assembly, says John Major, but not Scotland. The people of Northern Ireland may choose their destiny in a referendum, but not the Scots. Why? The answer is tucked into the "framework document" on the affairs of Europe's westernmost islands just published by Mr Major and his Dublin counterpart. Here it is. Watch the words I have italicised. The two prime ministers "acknowledge that in Northern Ireland unlike the situation which prevails elsewhere throughout both islands, there is a fundamental absence of consensus about constitutional issues". Unlike the situation in Britain? Tell that to the Scottish nationalists, or, indeed, four-fifths of the people of Scotland. There is a consensus all right. Most people north of the border aspire to some form of devolved self-rule.

The same could be said, only less so, of Wales. As to the English, there is no outcry against the electoral or parliamentary system such as the one that recently led Italians to change their method of voting. Yet there certainly is discontent. Ask almost any local councillor, even a Tory if you can find one. Broad-based constitutional reform is urged, almost daily, by a small but growing band of campaigners.

Perhaps that is why it is promised by both Labour and the Liberal Democrats. The bland assertion that every voter outside Northern Ireland is content with the country's constitutional status cannot be sustained, even by Conservatives. They are loudly divided about the legal status of the kingdom they profess to serve so loyally. These Tories accept cross-border arrangements within the European Union but those do not. We are deafened by their bleating.

Yes, yes, I know. Northern Ireland is different. But consider the essence of the difference. First, it has a history that does not bear thinking about. The result, as the framework document puts it, is that "there are deep divisions between the members of the two main traditions living there over their respective senses of identity and allegiance". It is the Scottish sense of identity at ease with itself? Second, the story of the failure of Ulster's constitutional arrangements has been written in blood. That makes its case more urgent; it does not render the arguments of the Scots less well-founded. Alas, it is no use putting such points to the prime minister. General reform of the British constitution is Mr Major's blind spot.

This is not to deny his skill

in handling the tedious politicians of the six troubled counties. Let me say it once again, I hope not for the last time. When it comes to Northern Ireland, John Major is at his best. There is no need to qualify that assessment; this has been his week. Sure, the credit must be shared. The declaration of December 1993 that preceded last year's ceasefire by the IRA and their Protes-

Even Tories are divided about the legal status of the kingdom they profess to serve so loyally

tant counterparts was signed by both the British and the Irish prime ministers. So was this week's framework document. Some of Britain's, and Ireland's, best civil servants wrote the clever phrases. Dick Spring, the Irish deputy prime minister, helped persuade Irish nationalists to compromise, as did John Hume, among others. That said, it was Mr Major who rose to the occasion on Wednesday.

If politics was a children's game the prime minister might be rewarded for his skilful performance in Belfast and

subsequently in the Commons by a resurgence of popularity leading to victory at the next general election.

This is possible, but unlikely. Northern Ireland did not stand high on the lists of the electorate's concerns during the 25 years of violence, even when the bombers came to mainland Britain. A prolonged period of complicated negotiations lies ahead. It may, fingers crossed, save Ireland, but the odds are that it will not save Mr Major.

We must therefore assume, until the contrary becomes evident, that Labour will remain the favourite to win, and win well, next time. We reformers have mixed feelings about that. The people's party is committed to an assembly for Scotland, a bill of rights, a freedom of information bill, the election of hereditary peers from working sessions of the House of Lords, and a referendum on the voting system. Seasoned democrats will welcome it all, but trust the party on none of it.

The Scottish elements of the new assembly have been thought through, but the effect on the governance of England has not. The rights and information bills must be judged by their details, which are yet to come. Simply denigrating lords who are in the ancient chamber by right of birth will leave the upper

house stuffed with appointees, most of them party hacks. Since there are no immediate plans for an elected senate, Labour apparently aims to create the world's most elevated quango, draped in ermine.

As to the final item, Tony Blair has never shown any enthusiasm for electoral reform. The party leader inherited the plebiscite pledge from his predecessor. In spite of accounts to the contrary, Mr Blair is human. If he wins with a single-figure majority and is obliged to cast an eye to the Liberal Democrats he will be more assiduous in fulfilling his pledge on a referendum than he would be with a majority of 100-plus. That is why Britain's proponents of fair voting have created a cross-party, multi-pressure-group coalition, the Voting Reform Group.

The group has set up Reform, a limited company, which will offer 7 per cent bonds, to be repaid in July 1997 if its fund-raising reaches certain targets. This should raise seed money for an enterprise that hopes to build popular pressure for a change in our voting system. The method chosen is innovative; if bright ideas count, Reform will do well. Its launch was on Wednesday, at about the time Mr Major was returning from Belfast to London. History may yet comment on that.



Set in the beautiful Kent countryside, the club boasts two 18 hole courses - the Heritage Course which was personally designed by Jack Nicklaus and the International Course, created by Golden Bear and designed by Ron Kirby. Both courses are suitable for all skill levels, providing five sets of tees per hole and lakes coming into play on several holes. The greens have been built to the highest USGA specifications ensuring firm, well drained surfaces. The courses have been designed to take advantage of the natural contours and beauty of the Kent countryside. The clubhouse contains a magnificent range of facilities, including a high quality restaurant offering a range of international cuisine with a Teppanyaki bar for oriental tastes, a pro shop, spike bar and spa baths with sauna.

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MINDING YOUR OWN BUSINESS

Books for a poor market

David Spark meets a publisher who focuses on Africa

James Curry admits he felt frightened when he left Heinemann, the publisher, in 1984 and began his own small company publishing books about Africa.

"I was 48. I had a good reputation but in a very specialist field. I wasn't very confident of finding another publisher to take me on with my unfashionable African publishing."

Curry had run Heinemann's academic publishing and its African Writers Series, but the books boom in Africa had ended when Nigeria closed its foreign exchanges in 1982. Then Heinemann pulled out of academic publishing.

Curry received some encouragement from investors in industry where the vice-chairman, an Oxford contemporary, asked: "Do you want to set your company up to make a fortune or to extend your career?"

Curry recalls saying, rather guiltily: "To extend my career."

"He said: 'That's fine. As long as we know, you might still make a fortune.'"

Curry and his wife Clare decided to take the plunge. Clare handles administration, keeps the account books and watches cash flow.

Working with them at the new company they had a Heinemann colleague, Ingrid Crewdson. But Curry missed the friendship of his old team. "I found the social change disturbing. The first winter I cycled around to see people. I needed the social contact."

"The Currys were pleasantly surprised to discover that, although publishing needs capital because payments can come in months, or even years, after a book is published, they needed less than they feared. The Currys found working from James' book-lined basement flat in Islington so convenient that they gave up the idea of a Soho office. The bank facility has stayed at £25,000 since they started. They put in

around \$40,000 themselves, part of which came from James' Heinemann redundancy payment, part from an aunt in the US who liked the idea of the family name on books.

The first book appeared within a year, in October 1985. "I took over several contracts from Heinemann, which saved them the embarrassment of cancelling."

One contract was for Guns and Rain, the odd story of how spirit mediums persuaded guerrilla fighters in Zimbabwe not to grab food or women. This book has sold over 20,000 copies and has been reprinted four times.

Another early book was by

A book that is modestly priced in Britain is impossible expensive in Kenyan shillings

Professor Terence Ranger, one of the leaders of African studies. Ranger's support has proved valuable. Young academics who might have taken their work to a university press have followed him to Curry.

The financial key proved to be selling to US publishers before publication. For Guns and Rain, Curry already had an agreement with the University of California. Such dollar sale can raise the cash to pay the printers even before the bills come in.

James Curry does not publish a book unless it is also accepted by a US publisher and, if possible, an African. Together they make a print order of 2,500 to 4,500, which spreads the start-up costs and keeps down the price per copy.

Curry publishes in paper covers (with a library edition in cloth) and aims for a modest selling price, usually £10 to £12

in Britain. This is still impossibly expensive when translated, say, into Kenyan shillings. So Curry asks his African-publisher colleagues what a reasonable local price would be and seeks ways of offering the book at that price.

At £5 a volume, James Curry's students paperback of the Unesco General History of Africa was too costly for African sale. So Curry arranged for Unesco to give sets of film to African publishers who so far have printed more than 12,000 copies. The price in Kenya was the equivalent of £2.

The African prices of other books have been subsidised by UN agencies and by organisations in Scandinavia, Japan, the Netherlands and Britain. One was backed by African central banks. Some deals include free books for distribution to universities and schools by Book Aid International.

The result is that James Curry has the world's strongest list of non-fiction books about Africa.

Curry is equally resourceful in printing and distributing. He and Keith Sambrook, a retired Heinemann colleague, decide what to publish, perhaps one title in 40 offered. Books about a single country usually do better than more general titles.

If the book is on disc, then that and the edited script go to South Africans who run a small typesetting business in a National Trust farmhouse in the Lake District. If scripts need rekeying, they go to Colset in Singapore.

Colset does not charge for corrections. At Heinemann colleagues used to spend hours arguing with printers about who should pay for which mistake.

Curry does the cover and page designs himself. "I work long hours and that is my relaxation," he says.

His print broker, John Sankey, usually gives the printing to Woodnough, in Wellingbor-



The home office: James and Clare Curry surrounded by books in their Islington house

Lydia van der Meer

ough, which prints Curry publications and fits running books in between.

Curry says his distributors, Plymouth Distributors, and his representatives Africa Book Centre, deserve much of the credit for a jump in annual turnover from £100,000 in the early years to £250,000 in recent ones. Previously he had dealt with a warehouse which closed, owing him three months' money.

Most books keep selling for years, providing the cash for royalties, editorial and overheads. Any surplus goes into a pension fund. Personal computers, cheaper answering machines, improved telephones and "the most marvellous breakthrough, fax" all help a small publisher.

James Curry expects to publish about 20 titles a year. He steers clear of fiction, a Heinemann preserve, but gives a comprehensive account of African, and Caribbean, current

affairs: "though I once said we were never going to publish another book with structural adjustment in the title," he says.

Africa has suffered a books famine for a decade. The managing director of John Murray, publishers of Livingstone and other travellers, told him: "Your books are everywhere."

James Curry Publishers, 56 Thornhill Square, London N1 1BE. Tel: 0171-609-3026.

Two Years On / Clive Fewins
Staying on a rocking horse

An unplanned addition to the family provided the impetus for David Kies to get his business back under a tight rein. The birth of his fourth son last year is the event that stands out as he looks back on the 27 months since The Rocking Horse Workshop was featured in the Weekend FT's Minding Your Own Business column.

"After the article in November 1992 highlighted our problems we received many encouraging letters urging us to keep battling on, including one from a monk in New York who enclosed a \$5 note with 'in God we trust' on it," said Kies, 40.

"My wife Noreen and I are not particularly religious people but the encouraging mail, plus birth of our fourth son, Jay, in February 1994 inspired us to carry on, and we are glad we did so."

"We also received a certain amount of sympathy trade following the FT article, but the main reason for the gentle upturn was the dogged determination and the desire to make the business succeed," he said.

"We could have sold the house by auction, and it would probably have paid off our debts and given us sufficient for a deposit on a smaller house. But it could well have meant the end of the business, which needs the space and the workshop we have here. Besides, what else could we have done for a living?"

The Kieses have stayed, but they have withdrawn from the commitment of running a nursery school in their large Victorian house. The school helped support the rocking horse business, bringing in useful revenue for four years. But it meant Noreen had little time to spend assisting David make and restore the rocking horses.

Jay's arrival put an end to running the school - and the income it generated. But it also meant farewell to the £12,500 annual salary bill and

it has given Noreen, who trained at art college, the chance to spend at least some time working with her husband. The nursery school is now run by someone else, but it still brings in £150 a week in rent.

The other piece of good fortune has been the arrival of Noreen's brother, Tim Thatcher, who found himself homeless and jobless last June. Tim is a former marketing executive. He has helped with the administration and the promotional side of the business. He is also helping to standardise the range of rocking horses, of which there are 15 principal models.

"I never really considered myself a businessman and I used to spend far too much time answering the phone and sitting in my office poring over the books," Kies said.

"Tim's arrival has meant I have had far more time for actually making the rocking horses. It has meant both Noreen and I can use our time better. We are more creative, we have a unity of purpose and we are happier."

"Naturally, we live in fear that Tim might leave us, as we provide his board and lodging but are unable to pay him a wage. But rocking horses get into your system and Tim is very committed. He has also convinced us that the way to sell our products is to take them to shows and we are going to do 10 this year."

"Many people regard us as the best makers and restorers of rocking horses in the country and the way to sell them is to get them before the public far more than we did previously. Tim has helped us do this. With his help we raised our turnover to £38,000 last year - our best year yet. In seven years we have still to make a profit but we can pay our way and are no longer living in fear of being closed down by the bank."

The Rocking Horse Workshop, Ashfield House, The Foxholes, Wem, Shropshire SY4. Tel: 01939-282325

Seven peaks of happiness

Continued from page 1

Graham was calm: "Let's get down into it and have a look." He fixed an anchor and I abseiled down. There were three obstacles like this - notches in the ridge, one steep, another, thankfully, with a chock stone, another with a gaping void across which we were obliged to stride - and at each one, Graham fixed the rope, lowered me down, and led the climb out again. I was happy with it this way.

Lots of snow lay on the ridge. It was deep and slushy. My feet in leather boots were wet, my hands cold. Three hours passed, then four - but with Graham in control, I was relaxed, and doubted nothing.

Then "We'll give it an hour, and I think we should maybe turn back," said Graham, the voice of reason.

"What?" Stubbornness set in. It was getting late, certainly, we hadn't a clue how far we had to go... but turn back?

In the event, we did not go on for an hour, we barely went on for five minutes. A couple of hundred yards of easy ground and we stood, pleased as punch, on the summit.

Carstensz was one of two mountains I climbed last summer. The other was Mount Elbrus in the Caucasus, Russia, which is of no special notoriety except that it happens to be the highest mountain in Europe. It stands 18,510ft - almost 3,000ft higher than Mont Blanc - and I climbed it with an old friend who had never set foot on a mountain in his life.

On Carstensz Graham was the grown-up, I the child. On Elbrus, Fiona was the child and I enjoyed it all the more for the pleasure I took just watching her face.

Such sweet memories to recall stuck at 20,000ft on Aconcagua. I had always feared Aconcagua would be hard one, and so it was proving to be. Would we make it?

It seemed unlikely. There had been four of us at the start: one had started coughing blood, and another, Dave Halton, an old Everest chum, had accompanied him down. The only other team on the mountain had struck camp and gone. "Too cold," were their parting words.

Now, there was just my trusted pal John, who had performed so brilliantly on Everest, and myself. We had been tent bound for two days at 20,000ft.

On both afternoons there



Getting to the top: Rebecca Stephens adds to her vast experience

Dawn Halton

had been complete white outs. On both evenings, lenticular clouds streaked the sky.

Time was running short. Tomorrow was the last day we could climb if I was to catch my flight to the Antarctic and bag my seventh summit. We did not have much choice.

On November 6, John and I set off for the summit. There is

The air was thin; nausea rose from my stomach. Every cell in my body screamed: Stop!

a path up Aconcagua that zig-zags virtually all the way to the top, and even at this altitude the going was pretty easy: for the first 1,500ft or so.

"I think we can do this," I said, suddenly overcome with a bout of optimism. Only once had I been blown off my feet.

"I'm just worried about the wind on the ridge," said John. Directly above us was a snowy crest, and if, as we feared, we had to inch our way along it in high winds we were finished. My heart was heavy as we climbed slowly to the top.

John beamed down to me: "We don't have to climb along

the crest, but over it, into abroad sweeping col. Wind's strong, though."

"Strong" is not the word I would have used. I could barely stand up in it. It screamed, belled around my head as I braced my body against its force.

"Hey, it's your Seven Summits, not mine," yelled John.

I could hardly make out his words.

"We can go on, or turn back. I've really enjoyed the battle today, but I'm happy to turn back. It's your decision," he said.

I looked across the col; the path, though gently angled, seemed to go on for ever. But did I want to come back to this mountain if we failed?

Never!

Strangely, as we fought our way along that path, we grew used to the noise of the wind, and then as the clouds closed in, as they had the day before, and the day before that, the wind dropped a little. We were looking down upon a storm swirling below us. The Canaletto, a steep attic stairway of loose, rolling scree leading to the final ridge, was hell. Every cell in my body was screaming: "Stop!"

We were somewhere above 22,000ft: the air was thin; nausea rose from my stomach. I must have been moving ever so slowly, for 100ft or so, from what I had imagined to be the

summit. John signalled to me from above that perhaps I might want to go down. Is he crazy? The sun was low in the sky, but still, I could not hurry myself.

It took me one whole hour to stumble that last 100ft. I lifted my exhausted body on to the summit plateau and there was John, holding a shining metal cross that shouted in all its heavenly symbolism, "We have done it!"

We had done it! The view was gorgeous, I think. I registered it for something less than a second and was violently sick.

Mount Vinson was a breeze by comparison. It is a lovely mountain, unspoiled and as pure as the new fallen snow in a splendidly dry and beautiful landscape. It does not get dark in the summer months in the Antarctic. I knew that, but even so it was weird.

At any time we could look out from our camp to numerous unnamed mountains and see just their peaks sticking above the millennia of compacted ice, like islands in a frozen sea. I wanted to jump in a boat and sail to them. Dave Halton was with me again on Vinson. It was a breeze. The sun shone. We stood on the summit - the seventh summit - and quite to my surprise, I burst into tears. It was the relief, I suppose, and joy, and sorrow. It was all over.

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PERSPECTIVES

The rise of the Rothschilds

Andrew Fisher visits an exhibition close to the family's roots

The Rothschild name has fascinated, infuriated and excited the envy of so many investors, borrowers and competitors over two centuries. It still exerts a hold over people's imagination, though the family's dominance of European financial affairs has long receded.

It was the Rothschilds who financed the English armies of Wellington in Spain and France, enabled Britain to buy into the Suez Canal, arranged the first Prussian bond and pioneered the development of Russian oilfields. They also helped finance the first railways.

From Frankfurt's Jewish ghetto to salons, palaces and stately homes across Europe, they built such an empire and surrounded themselves with such an aura of wealth and invincibility that their services became indispensable to governments, rulers and companies. In the words of Miriam Rothschild, a scientist and writer and a surviving descendant, their efforts formed "the prototype of a European economic community, the first EEC".

The Rothschilds did not lack self-confidence as they built their international fortune. "I have never doubted that if we continue this way, we shall become the richest men in Europe," said James Rothschild in 1818 as he developed the Paris side of the business. In the same year, Nathan Mayer Rothschild in London assured the Prussian government his family should float the bond issue that helped make their reputation - "only the Rothschilds can handle it".

Both men were right. The family's success stemmed from a combination of cleverness, boldness, persuasive powers and ability to work together. The Rothschilds were adept at outmanoeuvring their rivals, as the Prussian bond negotiations demonstrated.

Heavily indebted Prussia was paying 24 per cent on its short-term debt and the Rothschilds saw a chance to enter the potentially lucrative bond market. They beat banks in Berlin and Amsterdam by offering to raise more money and accepting a low commission. Demand for the bonds was high and they were sold on the exchanges of Amsterdam, Berlin, Frankfurt, Hamburg and London.

The bond was launched when Austria, France and Russia also wanted to raise money in this way. Its success was a tribute to the Rothschilds' tenacity and skills. It

also showed their nose for profit. The family later did well out of government bonds.

The family's enterprising spirit originated with Meyer Amschel Rothschild in the over-crowded Judengasse (Jewish ghetto) in the late 18th century. He was the father of the five sons - Amschel, Salomon, Nathan, Carl and James - who spread the Rothschild name throughout Europe. The 250th anniversary of his birth is being marked by the first exhibition of the family in Frankfurt's Jewish Museum (in a former Rothschild house).

The exhibition begins with Meyer Amschel's early struggles as a coin dealer and his efforts to gain favour with the Elector of Hesse, whose family had built up a fortune hiring out mercenaries. Meyer Amschel was born and died in the ghetto. The family name stems from the

The family formed 'the prototype of a European economic community'

house his forbears built: Rotes Schild (red shield).

Against strong competition from other court Jews Meyer Amschel and early partners obtained a contract from the Elector to finance his armies. He also helped invest the Elector's wealth. His breakthrough came in 1803 when he floated a bond for Denmark and sold the whole issue to Elector William IX.

When Napoleon's armies defeated Prussia, the Elector fled to Prague. His fortune was hidden in 119 chests, but those containing silver and coins were found. However, those with title deeds and documents on state bonds were smuggled out by bribing the French. The Rothschilds collected the interest on the bonds and invested this or paid it to the Elector.

In exile, the Elector became dependent on the Rothschilds who later built up an unrivalled communications network across Europe using postal services, couriers, a network of agents and carrier pigeons.

They, in turn, had much to thank him for. Most of the Elector's wealth was in English government bonds. Because it was difficult to transfer funds to him in Prague dur-

ing the French trade blockade, the interest was reinvested in London.

Nathan used the Elector's earnings to help build his business. The Elector had instructed him to buy other securities at a certain price; until this was reached, Nathan used the funds for his own ventures, paying the Elector a low interest rate. Thus he laid the basis of the London bank which became a vital element in the Rothschilds' success.

Nathan had gone to England to trade in cotton, not set up a bank. The family had traded in English goods since 1796. When the Napoleonic wars hampered this business, Nathan moved to Manchester, centre of the cotton trade.

Eventually, the wars made trading too difficult and Nathan moved to London, where he married Hannah Cohen, daughter of Levy Ben-El-Cohen, a prominent merchant. This gave him access to important Jewish families such as the Montefiores, Mocattas and Goldsmids. London was the financial centre of Europe, and England an important power.

Thus the Rothschild emphasis shifted from Frankfurt to London. It was at this time that the family's skills, cunning and daring were shown to the utmost. Nathan smuggled cash to France where James bought London bills of exchange at a huge discount caused by the trade embargo. Nathan redeemed these in London at face value. The French approved, hoping this would destabilise English finances.

Meanwhile, the Duke of Wellington's army on the continent was running out of money. It could only sell Treasury bills locally at a huge loss. When Wellington crossed from Spain into France in 1814, the Rothschilds used money smuggled into the country to buy French bank bills which could be redeemed at a better rate. Nathan provided gold for the Treasury to mint coins which were sent to France. The family also hoarded French cash in northern France, the Netherlands and Germany, paid for by bills drawn on their Frankfurt bank. This was sent by warships to southern France for Wellington.

Although the family did not make high profits from these bold dealings, they forged an invaluable link with the government.

The Rothschilds were close to other governments. They floated bonds to finance railways and industry in Belgium - which had the world's first state-owned rail system - in the 1830s. Salomon in Vienna raised money for railways



The Rothschild family at prayer: a Frankfurt exhibition is celebrating the 250th anniversary of the birth of Meyer Amschel Rothschild

Davidson Art Library

in Austria. The family also financed railways in Germany and France.

They even went as far afield as Baku (Azerbaijan) in Russia, opening up the oilfields there in the 1860s, before selling out to Royal Dutch-Shell. The Rothschilds, active

in gold, also became involved in diamonds through De Beers, nickel through Société Le Nickel and copper through Rio Tinto.

Towards the end of the 19th century, however, their power was waning. Industrialisation brought

new names to the fore and capital was organised on a larger scale, with joint stock banks becoming important. The Frankfurt bank closed in 1901, though the Rothschild bank has again been represented there since 1989.

An era had ended, but the Rothschilds remained a byword for opulence.

■ *The Rothschilds - A European Family*. Jewish Museum, Untermainkai 14-15, 60311 Frankfurt/Main. Until Monday.

Standing on the balcony of his current home, a mansion donated by a loyal subject, Kabaka (King) Ronald Mutebi (the second), pointed with pride to the large emerging structure on an opposite hill.

"There is my new palace," he gestured, before adding: "It will be nice to have a little place of one's own again."

Indeed it will, particularly as the new residence is grander than the small London flats that were home during the many years of exile.

After a 24-year wait, Mutebi is now head of the 4.5m-strong ancient kingdom of Buganda, part of the present state of Uganda. He should have become king upon the death of his father, King Freddie, in 1968. But these, as he says with some understatement, "were very challenging times indeed."

King Freddie had been overthrown and forced into exile three years earlier after Milton Obote, the prime minister, ordered Idi Amin, the army commander, to send his troops into the palace grounds. The coup triggered 20 years of internecine bloodletting in Uganda that ended only in the mid-1980s.

The king died in poverty, shunned by a once-friendly British Establishment, and left his son, then just 14 and a boarder at Bradfield school in Berkshire, to carry the burdens of an office stretching back to the 13th century.

Tradition dictates that king-makers choose the next monarch from among kings' children. But King Freddie had signalled his preference, giving Ronald an English tutor and then a classic British education. King Mutebi's English accent remains impeccable.

He was unable to return home because the regime had abolished the monarchy and banned all mention of it, so close associates of his father performed a few traditional ceremonies in London to acknowledge his ascent to the throne.

Mutebi read law at Cambridge but left after his second year. Odd jobs followed, including a brief and unsuccessful stint as a double-glazing salesman, although more time was devoted to contributing to national newspapers and magazines such as *The Spectator*



Mutebi, pictured in London this week, is now head of the ancient kingdom of Buganda

Trevor Hurrell

Return of the king

Joel Kibazo meets King Ronald of Buganda

and African political and economic monthlies.

Yet, he was never in doubt about his true calling. "I wasn't sure when, but somehow I knew the time would come when I could return here and take up my duties."

Even in exile he was not allowed to forget his traditional position. He tells tales of royal subjects who fell to their knees in traditional acknowledgement after meeting him "on the London Underground, recalling, with booming laughter, his own embarrassment and that of fellow passengers."

He returned to Uganda in 1987 and, after much lobbying from his supporters, the government restored the country's

monarchy in 1993. In much pomp and celebration and after a 27-year break in the dynasty, Mutebi was enthroned as the 38th Kabaka of the Buganda people, the single biggest tribe of the 50 or so that make up the country's total population of 17.5m.

Dancing often greets his arrival. Men prostrate themselves in front of the King's Mercedes. These are just some of the signs of the adulation he enjoys among his people. In spite of his western education and upbringing, he appears comfortable with his status.

It is, he says, a full-time job. Not only is he King, he is also the final arbiter of all clan disputes among his people. Much

time is spent studying the deliberations of the Lukiko - the Buganda parliament. Then there is the business of keeping an eye on the royal estates, which include nearly 350 square miles of land along with several palaces and properties that need attention after a generation of neglect.

Uganda is one of the world's poorest countries. The King has also turned his attention to development projects, particularly those connected with the environment, and in a sign of the changing priorities in Africa he adds: "We need to attract foreign business to Uganda and I've been spending a lot of time speaking to potential investors."

Among these potential investors are the thousands of Ugandans who poured out of the country during the troubled 1970s and early 1980s and who now live in Europe and the US. He has visited Boston, Los Angeles, London and Italy.

"The restoration has generated a lot of interest from our people abroad about the welfare of their country and this is something we've got to tap into."

But if the King has brought a new sense of purpose to his people, his presence has also triggered forces which some consider a threat to the modern Uganda. The law restoring the monarchy stipulated that it was to be only a ceremonial and cultural institution. However, in the present debate for a new constitution, monarchists have called for a semi-federal system creating a separate authority covering Buganda.

The government, with the backing of several other regions, is against such an arrangement and favours decentralisation based on the district as the administrative unit. All districts would be answerable to the government through the minister for local government. The debate has been heated but secret talks have been taking place in recent weeks between representatives of the two sides to find common ground and a face-saving formula.

Asked about the constitutional debate, the King hesitates then says diplomatically: "It's good to see the people of Uganda free to engage in a discussion about how the country should be governed."

He is more forthright about the monarchy's survival. "In many ways the Kabakship intertwined with the stability of Uganda. History has shown that to uphold it is to create instability not only here in Buganda but in Uganda as a whole."

Few of his subjects doubt the monarchy's survival, and plans are under way for huge celebrations in the summer to mark both the second anniversary of the coronation and the Kabaka's 40th birthday. But their attention has also turned to a more pressing issue, that of the Kabaka's personal life and who is to be queen.

Ha said simply: "These matters are under consideration." The new palace may be completed just in time.

The Nature of Things / Clive Cookson

Why workers suffer most from stress

There may be economic reasons for paying huge salaries and bonuses to senior executives, but there is no scientific justification for saying that they need to be compensated for their long working hours and stressful jobs.

On the contrary, studies have shown consistently that in naturally hierarchical mammals, including *Homo sapiens*, individuals at the top of the tree are much healthier and suffer less stress than those lower down.

"Having to work fast or under pressure shows little sign of being bad for your health on its own," says Michael Marmot, director of the International Centre for Health and Society at University College London.

"This, in a sense, turns the idea of work stress on its head. It is not the busy jobs that may be the most stressful but the ones where the person has little control, least variety and little or no opportunity to develop or use new skills."

Marmot is in charge of a long-running study, supported by the Medical Research Council, of civil servants working in London.

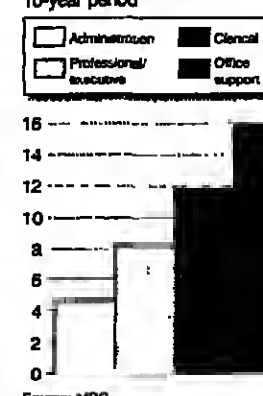
The lowest grades - messengers and support staff - are three times more likely to die over a 10-year period than senior administrators with high-pressure jobs and they have six times more sick leave, although they are not poor or deprived by any absolute standard.

Whether scientists study baboons in Kenya's Serengeti or civil servants in Whitehall, they find that ill health and premature mortality increase with each step down the social hierarchy.

The effect persists even when the data are adjusted for obvious differences in lifestyle - for example the fact that people higher up the social or professional scale eat healthier diets, smoke less and have access to better medical care.

Whitehall death rates

Percent who died within a 10-year period



Source: MRC

The three classic risk factors for heart disease - cholesterol levels, blood pressure and smoking - accounted for only a third of the different rates of heart disease found in the Whitehall study.

Researchers are therefore searching for other biological pathways, through which psychological factors could be making the lower social groups less healthy.

Although the mechanisms are not yet understood, researchers are beginning to discover clues about the way stress and low self-esteem can disrupt the body's biochemical and physiological systems.

There is some evidence, for example, that people (and baboons) at the bottom of the hierarchy produce higher levels of a stress hormone called cortisol, which can cause widespread biological damage in the long term, including heart disease and diabetes.

Stress over a long period also harms the immune system. This contributes to the higher levels of cancer and infectious disease in the lower social classes. (Research into the link between psychology and the immune system is becoming very fashionable in the US.)

Sally Macintyre, director of the MRC Medical Sociology

Unit in Glasgow, says the pattern of a falling mortality rate with rising social class holds for more than 90 per cent of causes of death in Britain. A 20-year-old man can expect to live seven years longer if he is born into social class 1 rather than 5.

"One way of looking at it is to say that people in lower social classes age more rapidly; they are in the physical state of people several years older than them in the higher classes," Macintyre says.

The so-called "diseases of affluence" - cancer, heart disease and mental illness - were indeed more common among the rich during the last century, because so many poor people died young from the effects of malnutrition and infection. But now the term is misleading, because these diseases are much more common among those at the bottom of the social ladder.

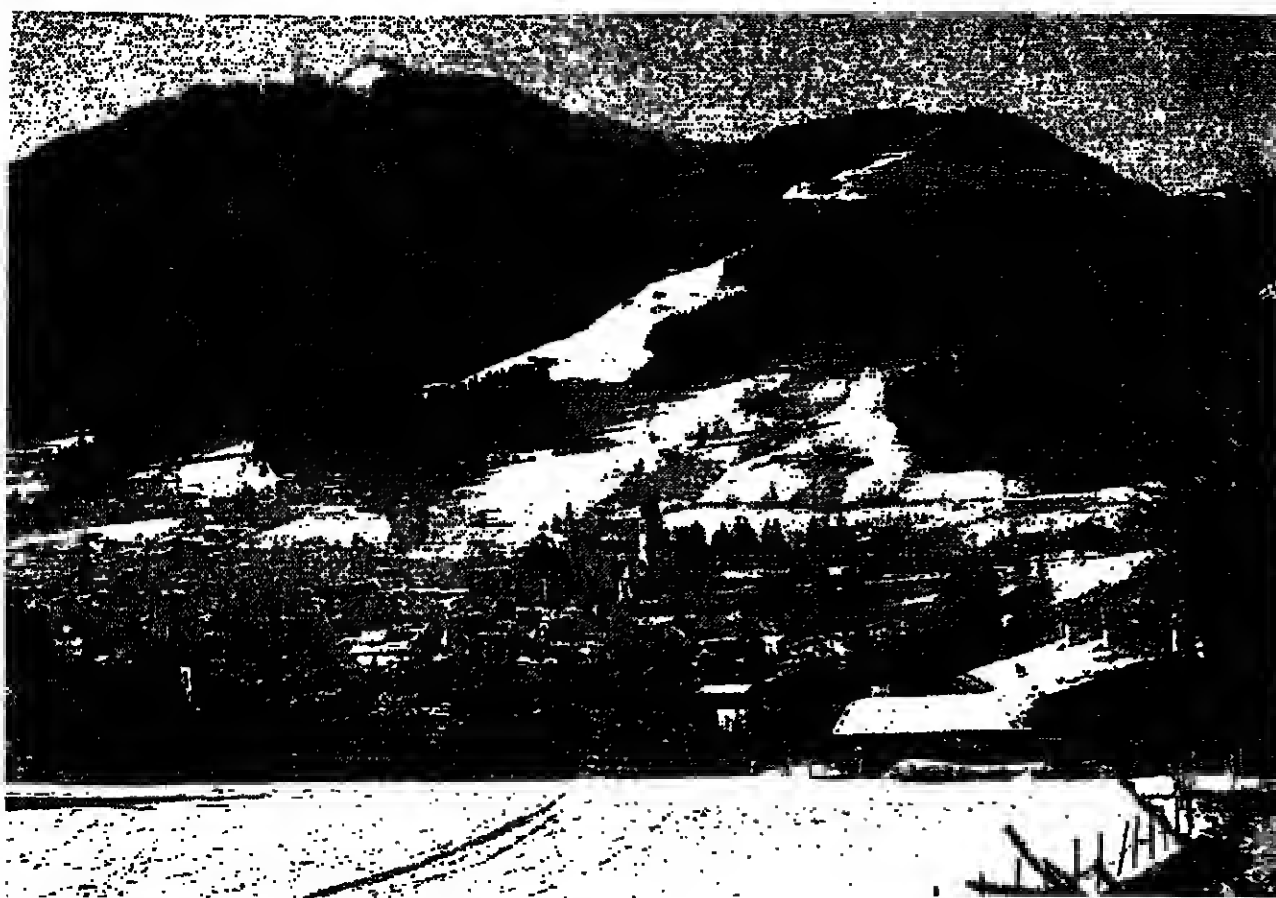
Medical sociologists do not want their work to be misinterpreted politically to show that, because some health inequalities are inevitable, nothing can be done to reduce them.

For a start, governments could target more resources at deprived groups to tackle the obvious physical causes of disease, such as poor diet and smoking.

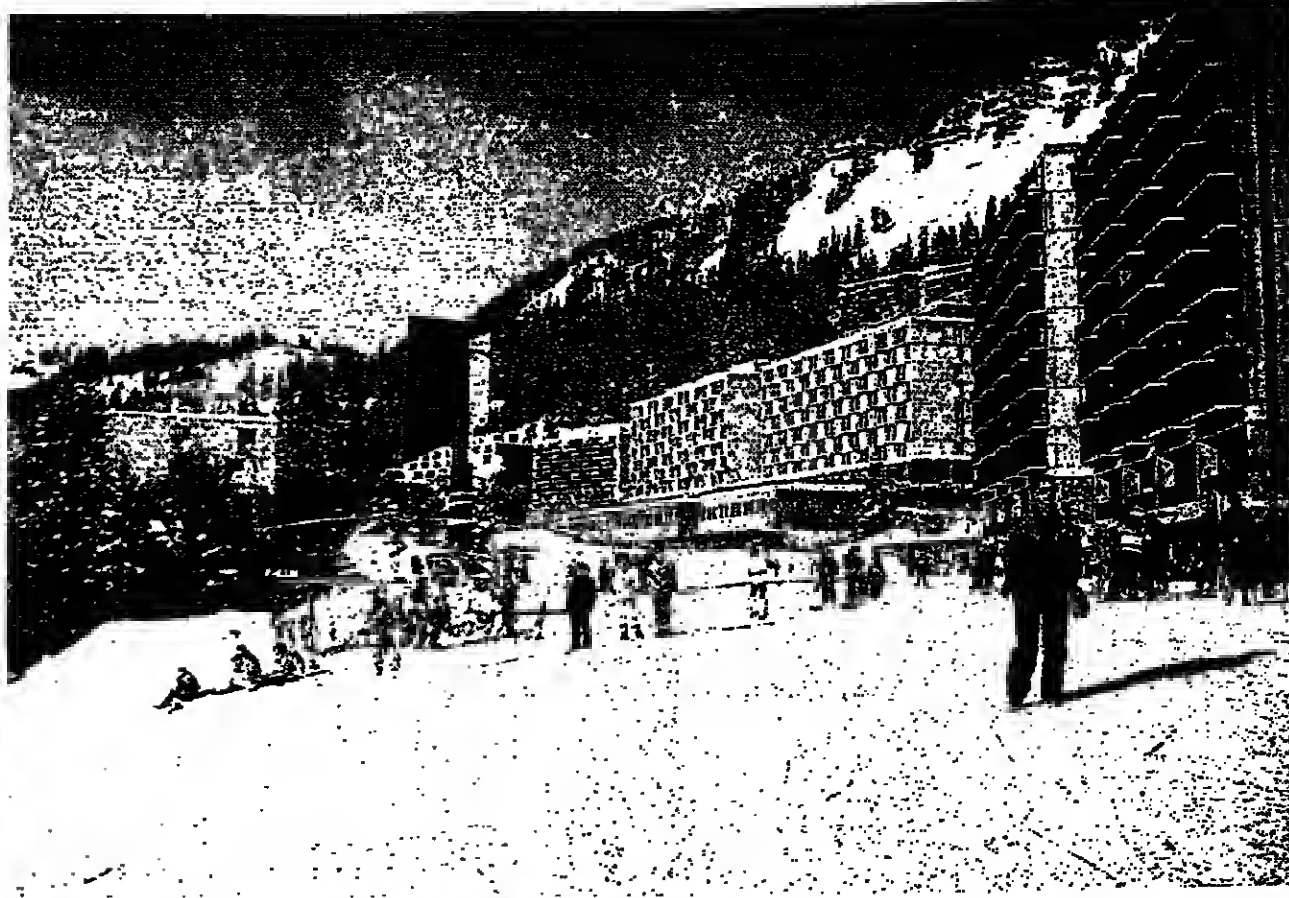
In the long term, a reduction in social and economic inequality would narrow the health gap between rich and poor. Already the lower social classes in Japan and Sweden, where inequalities are less than in most other industrialised countries, are as healthy as the higher classes in the UK.

Employers could help by adjusting work patterns to give junior staff as much variety and control over their jobs as possible. Huge pay rises for the bosses do not help, however, most particularly when employees face growing insecurity; if anything, they are likely to increase stress and ill health among the workforce.

SKIING



Old-world charm lingers on in Kitzbühel, a medieval walled town in Austria



Purpose-built Flaine, in France, may not be to everyone's taste in spite of the good skiing

In search of varied pleasures

Arnie Wilson looks at ski resorts in Europe which provide very different styles of holiday

The Alps. How much promise of splendour is concentrated in those two short words. But which particular Alp should one make for in search of a good skiing holiday?

Narrowing it down to a country is difficult enough. Fine tuning your choice to a single resort or area is even more daunting.

So what is your skiing desire? Stirling scenery, pulsating apres-ski, ski-out accommodation, tantalising cuisine, traditional rustic village ambience, high-altitude slopes with guaranteed snow? Sadly, it is difficult to find all of these in one resort.

Conversely, are there things you dread on a skiing holiday, apart from the obvious ones such as crowded slopes, oversized ski classes and pushy skiers who jump lift queues or grind the backs of your brand new skis into the ice?

Perhaps you are put off by the thought of the enforced camaraderie of a chalet full of strangers or noisy discos, amorous ski instructors, ugly, pur-

pose-built ski resorts, *schuhplatten* or other rustic forms of Austrian *gemütlichkeit* – or perhaps just plain yodelling?

All these things can be avoided with care but in the end it has to be a case of *chacun à son goût*.

The Swiss Alps were, for the Edwardians, the ultimate holiday location, whether to climb, toboggan, walk, convalesce or just sight-see – but rarely, in those days, to ski.

By and large, the Edwardians would still like it. Time has passed many Swiss resorts by and although there may be outbreaks of yodelling, it will not be on an Austrian scale. There are few examples of monstrous, concrete architecture. Sir Arnold Lunn might still be moved to write such thoughts as this: "We crouched

down, the wind sang its last song... the breeze died away, four rapid swings and four breathless ski-runners faced the slope whose swift joys they had squandered all too soon."

Andrew Irvine, enchanted by a skiing holiday in Murren before disappearing on Everest shortly afterwards, might still be able to tell his friends: "When I am an old man, I will look back on Christmas 1923 as the day when, to all intents and purposes, I was born. I don't think anyone has lived until they have been on skis."

More than 70 years later, places such as Wengen, Grindelwald and Murren (neighbours above the Lauterbrunnen Valley near Interlaken in the Bernese Oberland), and Saas-Fee (perched high in a remote corner), or Valais (near the Italian border) have

scarcely changed. That is their delight.

If you wish to visit a more modern Switzerland, there is Verbier, a sea of sun-drenched chalets that sprang up in the 1960s, and Zermatt, still charming in spite of growing into a small Alpine town, and Davos, the bustling town just up and over from the more genteel Klosters.

Austria too has similar choices. The old world lingers on in the picturesque medieval walled town of Kitzbühel and Lech dates back to the 14th century. There are any number of quintessentially Austrian villages, such as Alpbach, Garmisch, Westendorf and Filzmoos, which have changed little over the years.

Modern Austria – though skilfully disguised with neo-rustic architecture – can be

found in Saalbach, which, with its older neighbour Hinterglemm, is one of Austria's great intermediate playgrounds.

Even St Anton, Austria's top resort, clings on to its history. Kirchberg, traditionally Kitzbühel's main satellite resort, has grown new with less grace.

According to the *Where To Ski* book: "Anyone expecting a quiet, rustic little haven from which to ski Kitzbühel will be sadly disappointed. It suffers the same traffic congestion and inconvenient layout of its famous neighbour without its compensating medieval town centre."

Time may have stood relatively still in many Austrian and Swiss villages, but the same cannot be said for France, where a whole galaxy of big, automated and archite-

cturally challenging resorts suddenly sprouted in the 1960s.

If some mountains gradually acquired skiers, most of those in the French Alps had them thrust upon them. Few skiers love these purpose-built resorts.

Flaine (the *Good Skiing Guide* refers to its "architectural style of depressing, unfinished, grey concrete to rival London's South Bank"); Avoriaz; Tignes; Les Arcs; Val Plagne; Les Menuires; Val Thorens.

Great skiing – shame about the architecture. But that is the price you pay for high-altitude skiing and ski-in ski-out convenience. But are they really that bad?

Flaine now has a pretty side – the Hameau chalet development; La Plagne has built two or three neo-rustic villages; Val Thorens has a sweet little

church; Courchevel 1850 has clad much of its concrete in wood. And I have always enjoyed the space-age feel of Avoriaz.

Perhaps the problem is this: if anything but a traditional Austrian village complete with onion-domed church offends you, then you are never going to feel at home in Tignes.

You might, however, feel happy in Courmayeur or Cortina. After many years in the doldrums, Italy was flavour of the year in 1994, and is selling strongly again this winter, helped by the weak lira.

Italy certainly has a lot going for it, especially good food and plentiful sunshine. Cortina and its neighbours Selva, Arabba, Corvara and Colfosco are Dolomites, not Alps, but these mountains, with their towering, pink-hued

limestone monoliths are just as beautiful.

One simple way to sample a variety of skiing ambience is to be bold and take your car to an area which encompasses resorts of more than one country.

From Chamonix in France, for example, it is easy to access Courmayeur (Italy), Verbier (Switzerland) and Flaine. As for being "snow-sure" you can rarely be sure about that at the beginning of the season. This winter's early famine was followed by feast.

But guess which year this was? "The season was far from good as there was a marked shortage of snow after February 3. In fact the last days of January saw a downpour of rain that must be almost without equal."

Skis were stored away, and even the most zealous skiers were to be found seated in the local bars, arguing morosely as to the comparative merits of the umbrellas borrowed by them from the concierges of their respective hotels.

It was the winter of 1935. *Plus ça change...*

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Men of the mountain

Patrick Harverson gets down to work with Aspen's patrollers

It is a late afternoon in January, and the ski patrol is contemplating a bombing Aspen mountain.

The 30 members of Aspen's patrol have gathered for the end-of-day meeting in their hut at the top of the 11,300ft mountain. With its log fire, frayed sofas, wooden picnic tables, eccentrically-stocked fridge and limitless supply of hot coffee, the patrol hut has the air of a college recreation room.

Only the array of rescue equipment strung across the walls, and the pin-up calendar from the Burt Company of Utah offering "a complete line of explosives and related supplies", is evidence of its occupants' true identities.

The afternoon meeting of the Aspen patrol is usually a simple affair – a quick round-up of the day's events, and a division of responsibilities for the final "sweep" of the slopes that ensures all the skiers are off the hill by 4.30pm.

But today, the sweep has to wait while the patrollers discuss whether to drop more explosive charges on a troublesome patch of snow above the Aztec trail on the west side of Aspen mountain.

A chief task of the patrol is managing avalanche risks in the ski area, and this often takes the form of using dynamite to dislodge unstable slabs of snow from the slopes.

Today, the patrollers are concerned that the snowpack above Aztec, which has recently been supplemented by man-made snow, might slide down on to skiers below. Because of those concerns, the trail has been closed to skiers for several days. After a lively debate, Jeff Aldrich, the ski patrol's director, makes a quick decision: "Let's try another bomb on the sucker."

An hour later, with the slopes empty of skiers and the sun beginning a spectacular descent behind the mountains, I join two patrollers, Dan Roman and Doug Driskill, as they set off eagerly for the western slopes of Aspen.

Although avalanche control work is taken very seriously, patrollers cannot disguise their enthusiasm for "bombing the mountain", as they put it. Like many people, they get a kick out of making a lot of noise, and a couple of pounds of dynamite makes a big bang when exploded above the Roaring Fork Valley, where the bombs are loud enough to set off the car alarms of Range



An Aspen's ski patrol member's life is not "Baywatch on Bumps"

Rovers parked at the foot of Aspen's slopes.

When we arrive above Aztec, the patrollers quickly get down to work. Dan takes two 25-sticks of explosives and tapes them to a bamboo pole. He passes the pole to Doug, who slides it carefully down the steep slope.

Carefully selecting his spot, Doug jams the bamboo bomb into the snow and lights the fuse. Before hurriedly skidding off into the trees, he shouts "Fire in the hole!" – the patrollers' warning that the bomb is ready to blow.

Ninety seconds later there is a loud report, a spray of snow, a percussive thump from the explosion's shock waves, and finally the echo of the blast as it ripples across the valley.

When the dust has settled, we survey the scene. There is only a dark smudge on the slope to show for the patrollers' handiwork, and Doug – who heads the patrol's avalanche control team – decides that the snow pack is stable enough because the bomb did not set off a slide. The trail will soon be open to skiers.

Talk to almost any patroller in Aspen, and they will say that dynamiting the mountain is one of the more exciting elements of their job, along with rescuing people stranded in chairlifts (a reassuringly rare occurrence). The excitement is welcome, for contrary to what some skiers might believe, an Aspen ski patrol's life is not a particularly glamorous one –

fall, and although it does not appear to be a serious injury, the patrollers take no chances. Eric and two colleagues help the woman into a toboggan-stretcher as her husband, a large mustachioed Texan, grumbles about the prospect of paying hefty medical bills.

To the Texan's relief, he is told that he does not have to pay for the patrol's assistance on the slopes – only for his wife's ambulance trip to the hospital for a check-up. But, if he is as considerate as some of Aspen's skiers, he might send a small gift or cash tip to the patrollers who aided his wife.

The practice of tipping the patrol is quite common in Aspen. On one of the mornings that I spent with the patrol, a large box was delivered to the hut. The box contained a leather sports coat, a smart denim jacket, a couple of shirts, a fancy watch, a scarf, a baseball cap, several T-shirts, and a handsome white duffel bag, all stamped with the logo and characters of Warner Brothers Entertainment.

The gifts were from a top executive at Warner Bros who had been hurt in a fight in the queue for the gondola at the base of Aspen mountain a few weeks before. One of the patrollers had broken up the melee and tended the victim's wounds.

His reward: a bagful of clothes emblazoned with pictures of Bugs Bunny. Money would have been more welcome, and one patroller jokingly suggested that they set up a stall outside the hut and sell the merchandise under the sign: "Patrollers need new skis."

Gifts and other forms of tips, however, are gratefully received by the patrollers. This is not just because it is recognition of their work, but because anything that supplements their modest income is welcome. Earning, on average, little more than \$400 for a 40-hour week, ski patrollers are clearly not in it for the money.

The rewards, they say, come in other forms: the opportunity to help people in distress, the excitement of handling emergencies in a tough outdoor environment, the camaraderie of working in a close-knit team, and, not least, the chance to spend a good part of every winter day on skis.

Oh yes, they also enjoy – every now and then – the opportunity to bomb the mountain.

سكنى من الامم

SKIING

Running with the in-crowd

Skiing has taken Japan by storm, writes Gerard Baker

"The train came out of the long tunnel into the snow country. The earth lay white under the night sky."

Few lines in modern literature evoke so eloquently the topography of mountain country as the first few sentences of Yasunari Kawabata's celebrated novel, *Snow Country*.

For the Japanese, the Nobel laureate's lines have an almost mystical significance, capturing as they do the natural and unspoiled beauty of the country's vast mountainous hinterland.

But since Kawabata wrote those lines 40 years ago, the landscape has been transformed by a leisure industry of prodigious scale. For today, snow country is a latticework of ski-trails and lifts, a nationwide string of hotels and ski-shops.

In the 1980s, the Japanese discovered skiing as only the Japanese do anything - all at once and with ferocious enthusiasm. Fuelled by the financial explosion that turned them into the most conspicuous of consumers, and aided and abetted by some shrewd marketing, they took to the mountains and skied.

The boom has been only slightly deflated by the long recession of the last four years. According to government statistics, skiing is the most popular sport for Japanese teenagers, and ties with tennis for top ranking among those in their 20s.

Those figures provide the central clue to the industry's astonishing success. Skiing is less a sport in Japan than a fashion accessory. Sometime in the mid-1980s, a style guru decreed that it was cool, or *kakko ii*, to go skiing. Unable

to resist the lure of the vogue, young Japanese embraced it like a new religion.

Now, at least half a dozen weekends a season in the fashionable ski resorts of Honshu, the main island of Japan, are as *de rigueur* for most young Japanese as the designer carrier bags that accompany them through the streets of Tokyo. Every Friday night tens of thousands of the capital's youth crowd into buses, cars and trains for the late-night rush to the mountains.

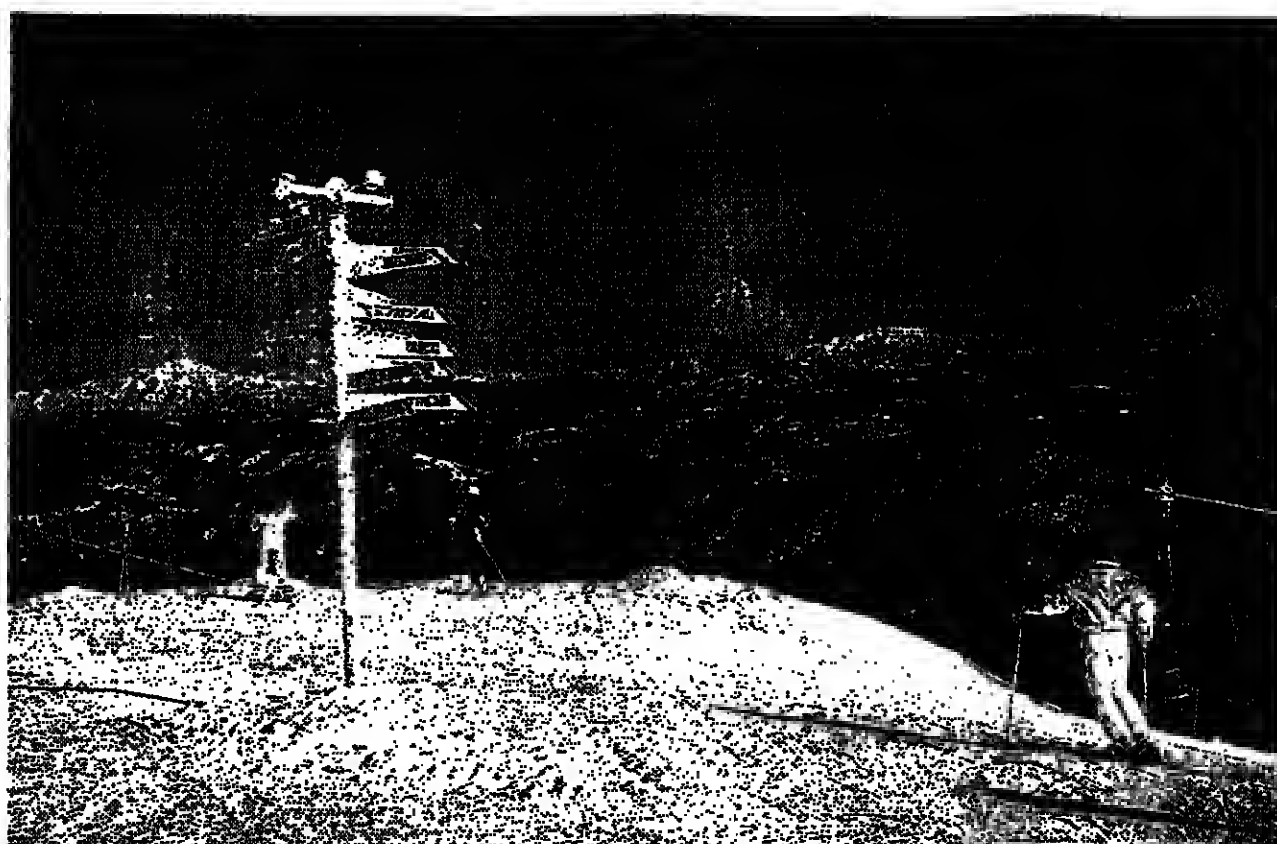
"I've been skiing six or seven times this season and I shall go as many times again," says a boy in a Pearl Smith scarf and Ray-Bans, waiting for a bus. Those accoutrements are as vital as the skis themselves for the serious skier.

Along with the internationally recognisable style badges, there is a peculiarly Japanese trait that draws its inspiration from what can only be described as *asmita* and *bakari* of the English language. This is the meaningless English slogans, seen all over Japan, from department stores to toy shops.

On ski-jackets it produces such mystifying adornments as "Have a Good Time Everything", "Heart Skiing" and, really bafflingly, "We have to live in hope".

The favoured destinations are the dozens of resorts dotted in the mountains of central Japan - three or four hours from central Tokyo. This year, once again, the trendiest and busiest resort is Naeba, which is to the Japanese what Aspen or St Moritz are to their counterparts on other continents.

But unlike Aspen and St Moritz, Naeba is not a place full of chic chalets and world-class hotels. It is full of one



Skiing in Japan is the most popular sport for teenagers after a style guru decreed skiing cool in the 1980s

hotel, a hotel so large that it owns not just the 41 ski-lifts laid out before it, but practically the entire mountain on which it stands.

It is the Prince Hotel, part of a truly gargantuan leisure empire that owns and operates, it seems, virtually every ski resort, golf course and seaside

At Naeba, one of the busiest centres in the country, if not the world, they had to keep building new hotel annexes every couple of years in the 1980s. Now there are seven buildings, with accommodation for 4,000.

From December to May it is full practically every night. Last year, more than 2.8m people skied at Naeba, down slightly from the peak of 3m in 1991, but still - by my estimate - about 20,000 people each day in season.

Akihiro Nagano, marketing manager, says: "For Tokyo's young generation, skiing here is really a part of their craving for fashion - that is the secret of the sport's success."

It is not hard to see what the inevitable result of skiing-as-vogue is: crowds. And not just the sort of crowds you get in Courchevel on a Sunday. These legions have the appearance of whole population movements.

It is an important feature of the Japanese psyche that the desire to be fashionable overrides any residual liking for a bit of peace and quiet.

For those for whom skiing is a form of recreational solip-

sism, Japan is not the place. But as you would expect in Japan, the hordes are managed with unfailing efficiency. Someone here had the bright idea of building more lifts as the crowds got bigger, so the Japanese rarely have to wait longer than 20 minutes even for the busiest gondola.

But since Newtonian laws of gravity still apply, there is, of course, a downside. Japanese skiers like to come down mountains en masse. The congestion can be frightening.

It is also noisy - because a sure sign that skiing in Japan is for the young hip set is the inability to escape from music. It emanates from speakers all over the mountain.

One important side-effect of the skiing craze is that the average level of proficiency on Japanese mountains is not too high. Since it is more important to be seen than to ski, the proportion of advanced skiers at most resorts is probably lower than anywhere else in the world.

The greatest hazard, therefore, is the carnage that litters every slope with a gradient of more than about one degree.

One particularly unchallenging piste at Naeba looked at one point like a detail from Picasso's "Guernica".

Yet all the crowds and music and mayhem seem to work in Japan, as they would in few other places. Perhaps the most striking thing about the ski phenomenon in Japan is that, unlike other fashions before it, this one shows no sign of fading.

The fact that numbers have held up so well in spite of the country's worst recession since the second world war, is a remarkable tribute to its popularity.

Indeed surveys suggest that more people each year plan to go skiing, even if they cannot yet afford it. The development of ski resorts continues apace, and the strengthening yen has enabled many Japanese to experiment abroad.

The next development in the market, according to some in the industry, is to broaden its appeal beyond the young, as the birth-rate falls and skiers get older.

How they will continue to keep it *kakko ii* when there are over-30s on the slopes is, as yet, unanswered.

Hemingway's hideaway

Ernest Hemingway knew how to find excitement and adventure - Red Cross worker, big game hunter and fisher, war correspondent.

Anyone hoping to sip the great author's spirit can visit his old haunts, such as Key West and Cuba. Winter sports enthusiasts can head for the Vorarlberg province of Austria, which was Hemingway's hideaway while he revised his first book, *The Sun Also Rises*, in the 1920s.

In Hemingway's day, much energy was expended on getting up the mountains but today the Montafun ski area has 73 lifts to carry skiers to more than 200km of prepared pistes.

The main villages, Schruns, Tschagguns, St Gallenkirch and Gargellen, together offer one ski pass, which covers 206 marked runs and all public transport in the valley.

The area is refreshingly free of crowds, queues and traffic, and maintains an exclusive air that the valley's tourist board seems keen to maintain.

Within the 40km valley, a two-hour drive from Zurich or Innsbruck airport, there are only 19,000 guest beds, mainly in small, family-run hotels, and for 15 years there has been no increase in tourism.

This allows the Montafun to maintain a healthy balance between its visitors and its 17,000 residents.

Neither has the environment been sacrificed to the lucrative earnings that skiing can bring, as no new ski areas have been opened since 1975 and glaciers are protected - the only alpine region to do so.

While some areas of Austria are in danger of becoming an alpine Disneyland, the Vorarlberg tourist office is moving the other way by encouraging farmers to offer year-round accommodation on their working properties.

Yet there is new investment: the Golm area (2,085m) has just been treated to an eight-man gondola and boasts a 2,415m-long world cup "Anita Wachter" run, named after the champion downhill skier who comes from the

area. The Montafun is also seeking to extend its winter season, which starts on December 3, with skiing until April 23 and by promoting itself as a winterworld experience.

Although 76 per cent of winter visitors are skiers, the area also offers hiking, horse-drawn sleigh rides, 65 miles of cross-country ski trails, curling, skating and tobogganing.

Hemingway stayed at the Hotel Taube in Schruns, which is still there, and grew a beard, which led to him being known locally as "the black kirsch-drinking Christ".

One night, in darkness but for the stars above and the lights of the Tschagguns Grabs, the first chair-lift in Austria, to the top of the mountain.

All around was silent, except for the hooting of an owl, the chiming from a church and the clicking of the single chairs on their ascent.

The cheery wooden restaurant at the summit provided us with a hearty "poor man's meal" of rich fried ham, potato and cheese, and some fortifying beer and schnapps.

Perhaps it was the latter that made our journey back to the valley village so electrifying.

Instead of a sedate return descent on the chair-lift, we rode one-man toboggans along the 5km of hairpin-bent road, accelerating over bumps on the ice, and wearing the soles of our boots thin as we braked and steered each savage corner.

At times the moon would guide us, but mostly we missed along in darkness through the trees, shrieking and howling at the moon to reappear.

Austrians living in the few houses along our route could have been forgiven if they peeked through their heavy curtains to see what demented force was passing then by, and for thinking that something much more manic than their "black Christ" had reappeared to haunt them.

Elizabeth Robinson

Music emanates from speakers all over the mountain

retreat in Japan (and quite a few outside).

It was Yoshiaki Tsutsumi, one of the richest men in the world, owner of the Seibu conglomerate which owns the Prince chain, who harvested the skiing boom of the 1980s. Spotting the trend, the company simply bought up hundreds of acres of Japanese mountains and poured identical hotels and resorts all over them.

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FASHION

Languish in style

Jane Mulvagh looks at clothes for long, cold evenings at home

February is not a time for going out. It is often cold and wet and invitations are thin on the ground. It is a time for the pleasures of the indoors, for rich colours and sumptuous fabrics. You will be amazed at how much a little effort, a little luxury, can lift the spirits.

February is a time to hibernate with your lover (or partner as we have to call him/her in these days of political correctness) or your family. Dress might be a beguiling and inexpensive Edwardian housecoat, or a chiffon dressing gown and palazzo pyjama pants.

Pictured here are a range of garments that are a million miles away from the sloppy tracksuits, the shell suit or the pair of jeans that many slouch around in. Yet they are affordable, timeless, alluring and bugely comfortable.

Considering that, in Britain at least, at least three hours of a winter's evening, between returning from work and retiring to bed, are spent relaxing at home and that you have probably a good few housebound evenings ahead of you before the weather warms up and days grow long, these clothes are a bargain.

For younger women - but only with good central heating - Knickerbox's chiffon range of short tie-waist dressing gown and palazzo pyjamas, knickers and camisole are a good buy. The gingham comes in apple green or burgundy and, as they take up no space in your luggage and do not need to be ironed, they would also be a perfect addition to your travelling wardrobe. The more demure might want to wear a body rather than the knickers and camisole set under the dressing gown.

Victorian and Edwardian women really did know how to dress at home; half their lives were spent reclining in a pelisse or housecoat. For wearing round the house they make much more sense than modern dressing gowns as they are tailored and buttoned so you do not have to keep heaving at the belt to keep it fastened.

Some are so smart that you can easily wear them for relaxed dinner parties, the perfect foil to his smoking jacket. The best hunting grounds for special antique pieces are the Charleville Gallery, Lunn's Antiques, Cornucopia, Virginia's Antiques, The Gallery of Antique Costume & Textiles, and Antiquarius, along with

the auction house sales. Prices vary enormously but you may be happily surprised at what quality and luxury you get for your money.

For a modern but equally beguiling collection look out for the Pazuki label, set up 12 years ago by Pookie Biezard and a fellow textile student from Camberwell Art College. Pookie bought her partner out a year ago and runs the company on her own. She designs two collections a year featuring half a dozen new prints.

Most of her production is exported to Paris but Fenwick's, Space N K, Harvey Nichols and the Hambledon Gallery in Blandford Forum in Dorset regularly stock her designs. Her signature is a combination of textures creating a patchwork of diaphanous and opaque textiles printed with forms inspired by the natural world.

Not only does she do dressing gowns and pyjamas but also shirts, waistcoats, sarong skirts and scarves, along with ties and braces for men. Prices start at £100 for a scarf to £300 for a dressing gown.

One final suggestion. Walking round the Topkapı Palace costume collection in Istanbul a few weeks ago I came across

the Sultan's idea of at-home wear: crème de menthe watered silk pyjamas lined in fawn cashmere. Perhaps a dressmaker could be commissioned to upholster you in similar style? So cast off the February blues: do not stay in and slob out, languish at home and dress up!

■ **Charleville Gallery**, 7 Charleville Road, London W14. Tel: 0171-385 3795 (open 10-6, Wed, Thurs, and Fri)

■ **Cornucopia**, 12 Upper Titchbrook Street, London SW1. Tel: 0171-228 3732

■ **Lunn Antiques**, 86 New Kings Road, SW6. Tel: 0171-736 4636

■ **Antiquarius**, Chend House, 181-183 Kings Road, SW3. Tel: 071-351 5353

■ **Virginia's Antiques**, 88 Portland Road, W11. Tel: 0171-727 9908

■ **The Gallery of Antique Costume & Textiles**, 2 Church Street, NW3. Tel: 0171-723 9981

■ **Photographs**: Jose Aragon. Styling: Jane Mulvagh. Make-up & Hair: John Gustafson.

■ **All furniture and settings** thanks to Christopher Hodson at 91, Pimlico Road, London SW1. Tel: 0171-730 3370.



Dusk-pink floral Edwardian housecoat, £160, from Cornucopia. Pink satin ballet shoes, £10 from Gamba



Yellow silk Edwardian housecoat, lined with silk and with silk-covered buttons. £120 from the Charleville Gallery

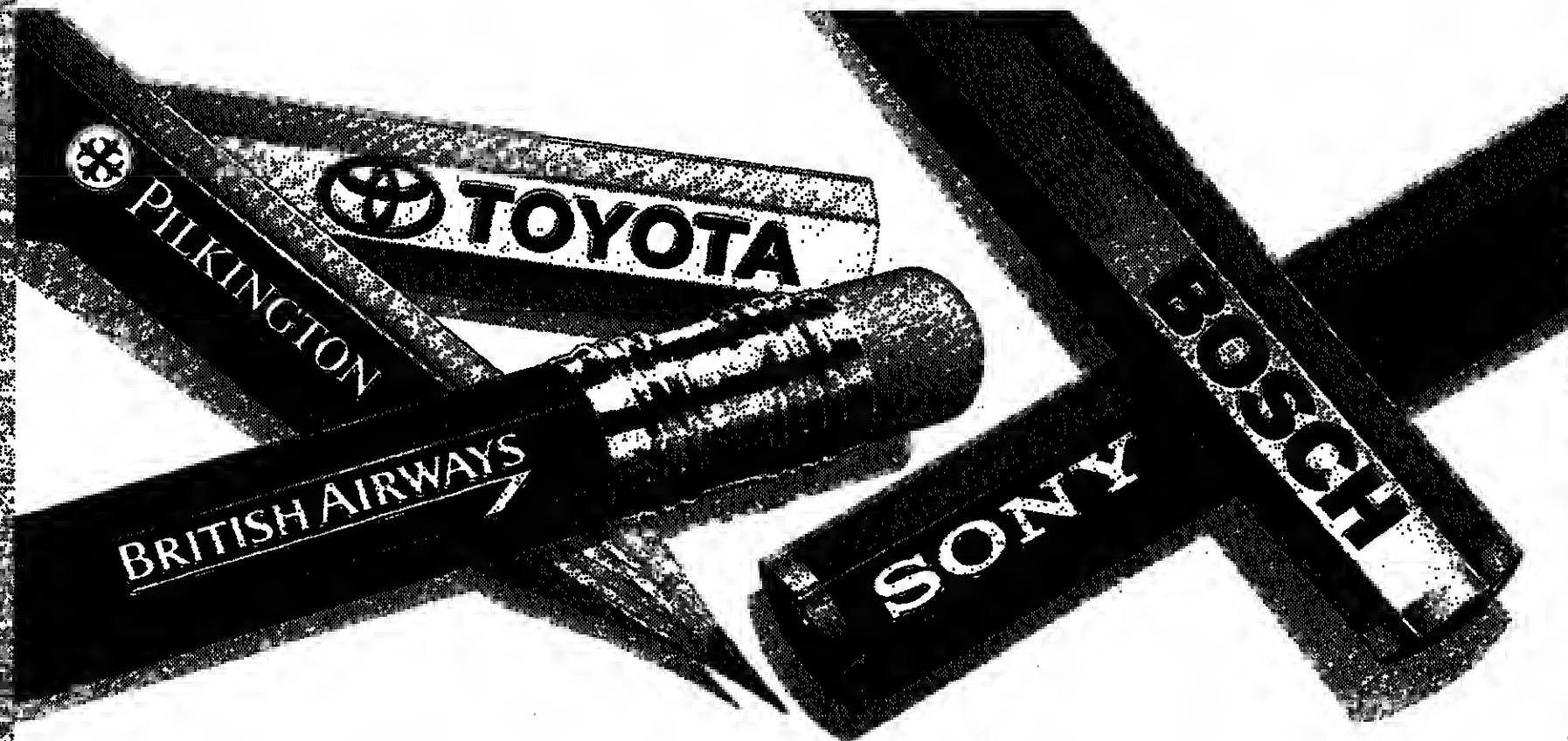


Green gingham chignon camisole, £12.99; pyjama pants £19.99; short dressing gown, £24.99, all from branches of Knickerbox. Pink satin ballet shoes £10 from Gamba. Velvet figure-of-eight hair band, Fortnum & Mason. Oatmeal cashmere cable-knit cushion from Tse. 1920s pink and gold lame fringed shawl, £165 from Charleville Gallery



Patuki patch overprint dressing gown, £360, palazzo pants, £177.00, from Fenwick's or Space NK or mail order (tel: 0161-978 8504) Oatmeal cashmere short-sleeve jumper, Tse White satin ballet shoes £10 from Gamba. All homeware by Wolford

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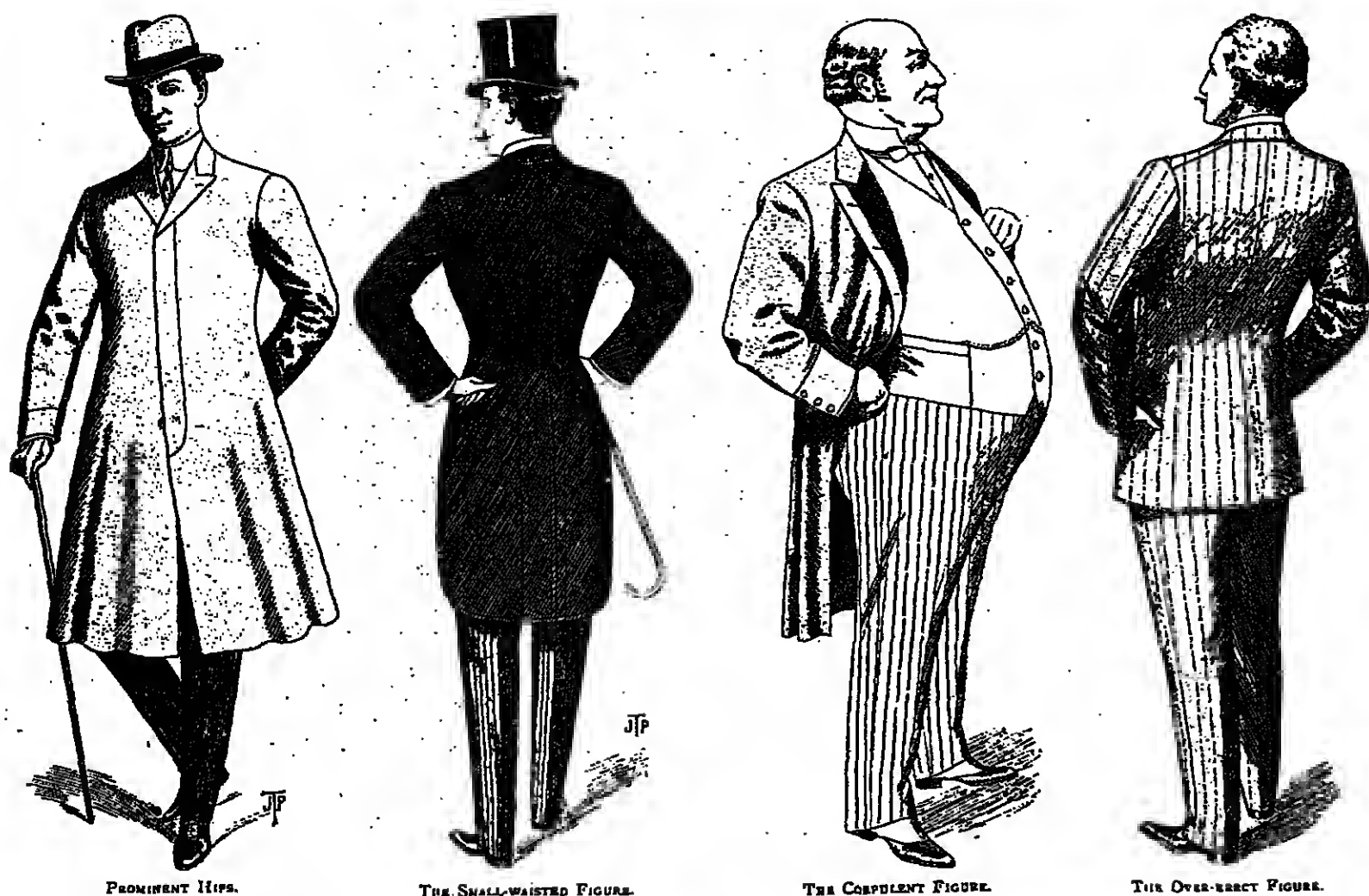
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صكنا من الامل

FASHION

Big boys with tall orders

John Morgan has some advice for men of disproportion when they go shopping



Prominent Hips.

The Small-Waisted Figure.

The Corpulent Figure.

The Over-erect Figure.

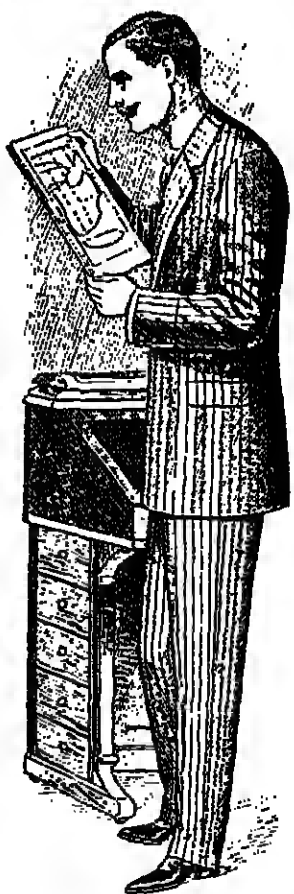
When I was 29 I gave up smoking and immediately began to put on a pound a month. After two years, I had metamorphosed from a youthful and lithe physique that could successfully wear most things, into a more porcine presence that was becoming difficult to dress. Mortified, I put myself on a diet and was soon back, well almost, to my previous shape. This period of my life taught me that, although for some men a change in eating habits is enough to restore a clothes-friendly body, there are many whose problems are more fundamental. These discrepancies might include being bigger than average, smaller than normal, or possessing unequal proportions such as a long torso and short limbs. For these men, any amount of dieting or devotion to the gym is going to have only a marginal effect on their appearance. Shopping can also

be grim. The choice is limited, and what does exist is often priced at a premium. "Big and tall men are particularly penalised because, whereas small males can have things cut down, the large cannot invent fabric that is not there," says Mary Noakes, of the Tall Person's Club, an organisation for the tall which produces a bi-monthly magazine called 6ft. However, as the average height of the population increases (around 12 per cent of the nation is thought to be over 6ft 2in), things are improving. Marks and Spencer is running a pilot scheme in 13 of its stores, offering regular stock in larger sizes, at no extra cost. There are suits ranging up to size 48, shirts up to size 18 and trousers up to 44in waist, including denim trousers with a 29in inside leg which are practically walking out of the stores. High & Mighty, the high street chain, for long the main player in the big market, is also claiming improved business.

It is the arrival from the US of Rochester Big & Tall, however, that signals a brave new world for the big boys. Here, the generously built will find shoes the size of garden marrows, jumbo-sized changing rooms and trousers for whom the description elephant-cord takes on a new dimension. "This is the first shop in Britain that offers a comprehensive range of clothes for big and tall men," says Michael Meldrum, director of European Operations, who can fit men with heights ranging from 6ft 2in to 7ft 6in and sizes 44 to a staggering 62. The choice in the vast shop is as extensive as the sizing. It includes traditional English suits and accessories from Gieves & Hawkes, American classic tailoring by Perry Ellis, a range of softer Italian suits, an own-brand collection of suitings and sports-jackets, leather, suede, knitwear, as well as extensive lines of casual clothes - jeans and sportswear. The look is internationally classic. Although none of the fashionable designers offers anything on Rochester Big & Tall's proportions, some are worth a visit. Nichole Farhi has always been known for her generous sizing, and this season there are astrakhan coats, black single-breasted jackets up to size 46 and trousers up to 38in waist. Ralph Lauren offers casual shirts and sweaters in XXL and formal shirts in size 17½. Whatever your style, if you are big or tall, the cardinal rule of shopping is always to make sure that a jacket does not ride up over the seat. Also, you can afford to wear a bigger cut in clothes: these give a more expensive impression than tight garments. Patterns need to be chosen carefully. Avoid anything too bold: a wide chalk stripe will make a 6ft 6in man look 7ft 6in, while bright colours can look positively alarming. This being said, tall men have greater options than their diminutive counterparts. If you are small, keep away from exaggerated styles unless you want to emphasise your own shortcomings. Wide-shouldered jackets and baggy trousers look especially comic. Opt instead for reasonably fitted clothes in solid colours. Suits are generally more flattering than separates. Leave busy patterns and heavily detailed outfits to others, and choose simple elongating fabrics such as a narrow pinstripe. Avoid anything with horizontal stripes. Shorter men should never augment their height with shoes fitted with elevators or the built-up heels beloved of gigolos. When buying clothes try to buy in your own size, rather than assuming that they can be cut to fit. If you cannot resist something that needs extensive alterations, make sure there is a proper tailor at hand to advise and not just an enthusiastic shop assistant. Hackett offers an on-site tailor in its Sloane Street, south west London store, who can do difficult alterations such as shoulder reductions. Hackett's classic fitted silhouette and sizing starting at 36 make it ideal for the pint-sized traditional dresser. If your taste is more fashionable, try Jasper Conran and Kenzo. Intriguingly, both designers are small men so they understand the needs of others like themselves, particularly Kenzo, who has well-designed, four-buttoned, single-breasted suits and Nehru jackets in navy and grey.

Choosing clothes in the right size is only part of finding clothes that fit. The right proportion is also vital. Regardless of height, the sizes of men's limbs vary considerably in relation to their torsos. The most common combination is the long body and short arms and legs. If you fall into this category, do not choose a jacket that is too long. This is a difficult balance to strike because a long jacket is always a sign of quality and the rear must be adequately covered. Jackets with large shoulders are also best avoided, as they add bulk to the top half of the body. The same is true of low buttoning styles: these merely add to an over-long torso and reduce the leg-length still further. Adopt instead the fashionable English silhouette, which has a natural shoulder line, buttons high on the waist and was conceived to create an elegantly elongated line. Trousers should be cut from the natural waist to give maximum length to the legs and ought to have a fairly narrow cut as nothing looks more stunted than short legs in baggy pants. Pleats are a good idea as they create a more vertical line, while turn-ups shorten the legs with unnecessary horizontal lines and are best avoided.

If the reverse - a short body with long limbs - applies, you have to build up the torso. You should choose well-shouldered, generous-lapelled long jackets. Trousers should not be too narrow, unless you have the sartorial ambitions of a spider. Deep turn-ups will also reduce any impression of ungainly infinity. Choose checks as they will give you a more solid and cubic impression.



The Shopping Figure.

Shirt sleeves must never be too short. Coles, Lewins and Thomas Pink offer a wide choice of styles in long-sleeved length. Always go for a French cuff, which will shorten your arms most stylishly.

And what of other figure discrepancies? Men with sloping shoulders should avoid the unstructured look, which can make them look like tragic pears. The portly or corpulent (the word fit is never used) should go for as much sleek tailoring as nature allows and make sure their jackets button where their natural waist would be. Trousers must be cut for braces. Men with VPS (very prominent seats) should steer away from jackets with centre vents. Those with wide bottoms should make sure their trousers are cut with continental pleats (those that turn outwards) so that, when seated, there is room for expansion.

Finally, there are two significant things to remember. Never buy clothes a size too small in the mistaken belief that they will make you look smaller. They will not. Second, no man, not even the most successful model, has the perfect physique. Even if yours is a little less perfect than most, there is still no reason why you cannot dress attractively, fashionably and, most important of all, confidently.

John Morgan is associate editor of GQ. Sketches from The International System of Garment Cutting by J.P. Thornton, which deals "with all forms of disproportion".

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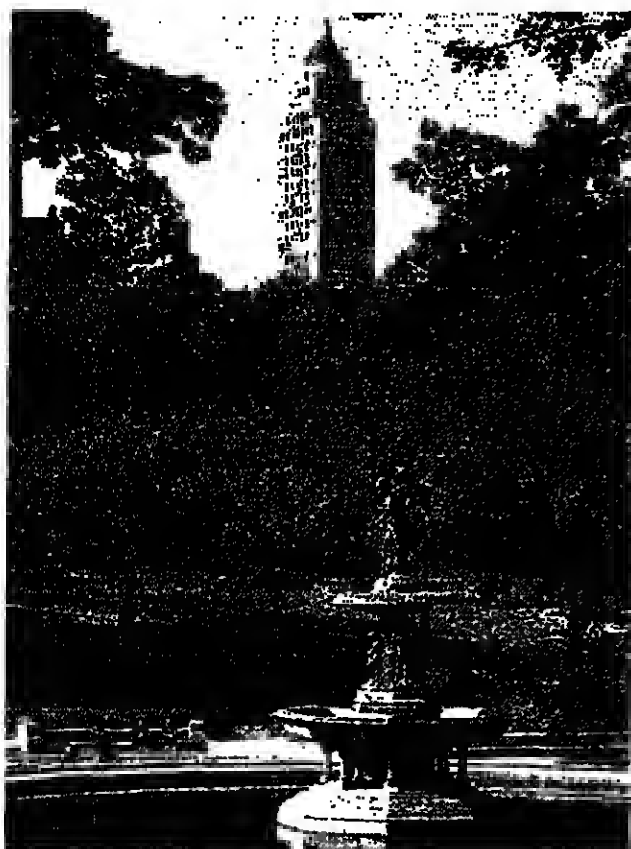
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THE WELSH ADVANTAGE.

HOW TO SPEND IT

Polished, pampered and prettied in New York



For real pampering nothing beats a view of Central Park

Lucia van der Post grits her teeth, and submits to some serious grooming. It takes dedication, stamina and money. Is it worth it?

There are many reasons for going to New York and one of the best is to be pampered. Now I know that most of us can be pampered perfectly well at home - always providing we have the wherewithal (and, believe me, it takes wherewithal) - but New York does it differently. It does it lushly, whackier, more variously and more wholeheartedly.

There is one other wonderful bonus about succumbing to the blandishments of the salon and the spa across the ocean - the lack of any need to feel apologetic about such frivolities. There is no hint that it is somehow intellectually démodé, or a sign of a lack of academic rigour, to look groomed even, dare we say, glamorous. In the US it is absolutely okay intellectually.

Self-indulgence is part of the American way of life, so relax and enjoy it.

You gotta start right, of course, and where better than by staying at The Carlyle (Madison Avenue at 76th Street. Tel: 0101-212-744-1600). Even for those of us who do not require the bellmen's legendary expertise in warding off the paparazzi, the sense of quiet discretion, understated class and privacy nevertheless cocoons one in a sense of ease. It is here that the Princess of Wales stays when in town and where the grand and rich keep apartments on the upper floors. It is said of the head bellman that he knows exactly when "it's appropriate to introduce, say, two heads of state to each other in the hotel lobby" or "when to blend into the Aulibus rugs".

I long for the day when such tact will come in handy but in the meantime I arrive late on a

Sunday afternoon and decide to banish jet-lag with a massage. No need to dress up and go out: I pre-ordered the massage when I booked my room and here, right on cue, comes Deborah, red-haired, glowing with health and soothing as a cup of Horlicks. Natural oils, Swedish massage and a touch of reflexology work their charm. It may cost \$100 but it is as good a way of dealing with jet-lag as I have come across.

The Carlyle is still reassuringly traditional. It bows to 1930s habits with such things as fitness centres and personal trainers, but new-age hokum has yet to hit the pillow ritual; none of the beta-carotene antioxidant tablets favoured by the Nob Hill Lamourne Hotel in San Francisco - instead, nice traditional, fattening chocolates are on offer.

It is Monday morning and it is grey and drizzling and pampering is definitely what is needed. So off to Bergdorf Goodman (754 5th Avenue), one of my favourite stores, where I decide to drop in on The Frederic Fekkai beauty centre and go all out for drop-dead glamour.

First mistake: Frederic Fekkai, a New York legend (our lips are sealed on the subject of the famous locks he crimps), is out of town - no doubt tending to more important tresses. I get the lovely Philippe instead, which turns out to be just as well considering the cost. Frederic himself - book ahead at least six weeks if you want the great man - is \$390 a time, while Philippe, being a "hair designer" as opposed to a junior or senior stylist, is \$90. I settle cozily into the sumptuous black leather chairs. We agree the cut is good but the colour... um... "kinda dull"

(he manages to put this very politely). "Balayage is what you need," says Philippe. This beauty business is proving very taxing on the vocabulary but I suppose nobody ever said that glamour comes easy. Alas, Constance, queen of the balayage (or hair-painting), is booked for weeks - the upside is I'm \$135 better off but the downside is I'm left with this hair that is "kinda dull".

While Philippe blows and dithers, Tatiana (Russian and beautiful) attends to the fingernails. As she files, massages and buffs away serious decisions, the sort that glamorous people tackle every day, have to be taken. Do I want a French manicure (\$26) or regular (\$21)? Do I want to go for bold, red and vampish, Marilyn Monroe-style shocking pink or pearly and ladylike? We settle for French and ladylike.

So far, I am only \$116 down so I decide to go for lust and take my newly-buffed nails and my un-balayaged hair down to Elaine Mack, the queen of personal shopping. She started out 18 years ago in the White Plains, New Jersey, branch of Bergdorf's ("Old Mr Goodman said to me - if you sell a dress then sell the jewellery, the gloves, the belt to go with it.") and these days the business that she alone brings into the Manhattan store would keep a small store happy.

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Out, damned spot

(he manages to put this very politely). "Balayage is what you need," says Philippe. This beauty business is proving very taxing on the vocabulary but I suppose nobody ever said that glamour comes easy. Alas, Constance, queen of the balayage (or hair-painting), is booked for weeks - the upside is I'm \$135 better off but the downside is I'm left with this hair that is "kinda dull".

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For a celebratory dinner it is hard to better the old-fashioned grandeur of the dining room in New York's Carlyle Hotel

This is state-of-the-art pampering. "When my customers run out of pantyhose they just call me and I send a selection over. If it's just a lipstick that they want or a perfume, I'm happy to do it for them," she says.

"What I am is a very good editor. I know what will be appropriate for your needs. I know the blouse on the third floor that will go beautifully with the suit on the sixth floor. Obviously, being one of the finest stores in New York, I have a lot of wealthy customers who think nothing of spending \$10,000 to \$15,000 a season, but then I do a suit for \$400 if that's what you are after. And I am happy to keep them up to date with what's going into the sales."

"The one thing I don't like is my women looking like clones - even if they want to buy an entire suit from Armani I help them make it their own suit from Armani."

I have never tried a personal shopper before - it seems, somehow, lazy and unadventurous - but I decide to go for it. "Okay, Miss Mack," I say, "I need a navy-blue trouser suit, easy, classy, just right for work - a sort of Jill Sender number, except I only want to pay \$400."

While I go on a quick troll through the store Miss Mack sets to. I return to the personal

shopping suite and find four suits on the rail: three are too masculine and heavy, the fourth, by Myrène de Prémonville, in plain navy blue, is too big and doesn't look right.

I tell the assistant that it won't do when Miss Mack shifts into action and shows her class. Out come the pins, up go the trouser legs, in goes the waist, up go the shoulders and, before I can turn round, the bill is prepared. I have my plastic out, and Miss Mack is promising to have it delivered to the hotel before I leave town.

By my standards I have had a pampered day but by New York standards I have been very unadventurous. There has been no lifestyle counselling, no colour therapy, no flotation tanks, no lymphatic drainage, no oriental coneing (don't even ask), no reiki, let alone a facial or a demonstration.

A whole female culture surrounds the rite of making yourself beautiful. Tina and Anna, those twin icons of the New York media pack, are said to have hair stylists and make-up artists come to their apartments or offices to do their face twice a day.

Mothers introduce their daughters to the world of beauty. Women friends often arrive at salons in packs. "It makes," says a friend just back from a couple of years living in New York, "for great gossip. At Elizabeth Arden's Red Door, for instance, you get many of the upper echelons of the media set, all chattering away as they have their facials, their manicures and pedicures."

For \$200 the Red Door (831 5th Avenue) will give you four to five hours of treats - a body massage, a facial (in New York they send you out looking glamorous and ready to face the world, unlike in Britain where you leave red and make-up-less), shampoo, cut and blow-dry, manicure, pedicure, make-up and, of course, the ritual spa lunch.

If you are in a hurry (but not too much, for it takes 2 1/2 hours) there is the Executive Escape for \$110 - this whisks you up for the big date or serious interview with a cut, shampoo, hair-cut and blow-dry, manicure and pedicure, and make-up.

Oribi is the big cheese of the hair salon here - marginally cheaper than Frederic Fekkai, at \$260 a time, you need to book him at least a month ahead.

So sought after is The Red

Door that you need to book at least a month ahead. Some people are so desperate for an appointment that they just turn up and sit there, hoping for a cancellation.

It is part of New York's urban mythology that it is harder to get married there than anywhere else in the world. Women over 35, it seems, have more chance of being run over than finding a mate (nobody has revealed to me the equivalent statistic for chaps). So, if you find the world of beauty salons too claustrophobically female, there is always another way to the body beautiful - the gym, the health club and the spa.



No-one ever said being glamorous was easy

Should it be a French manicure or plain?

the 1990s equivalent of the *fin de siècle* *dansant*.

Far be it for me to suggest that *Financial Times* readers might be visiting New York with match-making in mind, but should you feel lonely the best solution (I'm told) is to drop into a health club. I was told of one chap who actually changed clubs in order to escape the chat-ups from leotard-clad glamour pussies on the next-door running machine.

I am indebted to the New York Times for the information that The Equinox Fitness Club at 344 Amsterdam Avenue (212-721-1100) offers a winning combination of new-age treat-

ments and matchless opportunities for bumping into members of the opposite - or in these PC days I suppose we must say also the same - sex. "Bodies," points out the New York Times, "are in plain view so there are no nasty surprises later on."

Those with less money to spend might like to know there are cheaper ways of looking good. For instance, on almost every block there is a Korean manicurist who for about \$7 will give you a good manicure in about 10 minutes flat - just make sure you ask for your nails to be rounded as they tend to do them rather square.

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SPORT

Golf / Derek Lawrenson

Designers with a style of their own

When a famous soccer player hangs up his boots and goes into management it is always interesting to see whether he fashions the team in his own image. Golf can offer a similar spectacle since no leading player can resist the opportunity to dabble in course design.

So, do courses with the Ballesteros name have enormously wide fairways with small greens surrounded by hazards that look impossible to negotiate? Are Bernhard Langer's courses designed so it takes six hours to get round? Do the venues bearing the names of those renowned long-hitters Ian Woosnam and Sandy Lyle feature holes that are 600 yards long? Does Nick Faldo's course have fairways that are five yards wide?

Top golfers have always designed courses but as with most things in the professional game there was little glamour in it until Arnold Palmer came along. Jack Nicklaus quickly joined in and now, all these years later, the two great rivals on the course are still in competition

off it. Both have designed more than 100 courses worldwide. This is big business. Jack Nicklaus Design employs more than 140 people in offices scattered around the globe and you can choose from four available packages. The most expensive, where Nicklaus himself may even visit once a month to see how things are developing, will mean no change out of him.

The massive amount of course building in Europe in the last decade has also created opportunities for golfers other than Nicklaus and Palmer. All six of the European tour's major championships winners have made contributions.

Some of Nicklaus's finest moments came on difficult courses and those that now bear his signature are generally very demanding. This is not much fun for those of us

who do not get a kick out of playing a succession of 450 yard per fours with small greens.

The Nicklaus-designed St Mellion in Cornwall, the venue for the Benson and Hedges International, is impossible for me. I have a single-figure handicap, heaven knows how someone who plays off 18 negotiates it.

A criticism often levelled at Palmer and Nicklaus is that they do not pay enough heed to local characteristics. Palmer's course at the K Club in County Kildare, Ireland, features plenty of shots over water which may reflect his own death-or-glory approach to the game. This would be fine in Florida, where the great man lives and where the sun shines and the wind rarely blows. But what has it got to do with Irish golf, where these

things do not apply and where a shot over water is not a gamble but an impossibility if the wind is blowing from the wrong direction? Similarly Nicklaus's Monarch course at Gleneagles, where the bulldozers have changed the land leaving it so out of character with its surroundings that no-one cares what it reflects.

To be fair to both, their own thoughts are often buried beneath those of their employer. If the owner demands a macho course where the top players will fail to break 70 then there is not much point filling it with intriguing but short par fours.

Golf course owners bring in a big name simply to buy a profile for their development. It is easy to be

cynical about their efforts: you have seen him play golf, you have watched the video, read the book, bought his clubs: why not play his course?

The cynics argue that the developers are not thinking about whether the course the celebrity builds reflects his own golf they are thinking of publicity. In any case, the work is not done by the superstar at all - how can it be when he's playing golf most of the time? - but someone known euphemistically as a design associate.

Yet the vast majority of players know what they like. They can articulate that to the design associate. They do not have to be there to see every stone returned.

When the television commentator and former Ryder Cup player Peter Alliss designed The Belfry with

Dave Thomas he came in for criticism for planting a course full of American characteristics - big tees, big greens, lots of water - in the middle of the West Midlands.

"What people have to remember is that The Belfry was built on a potato field. Anyone can make an interesting course from rolling land lined with trees or running along glorious cliffsides. The skill comes in making something out of a flat and uninteresting piece of farm land," said Alliss.

Woosnam, who is designing a course in West Sussex, thinks it inevitable that a course will reflect a player's own golf. He says: "I like to play courses like Fortnamack where I can shape shots and there is a range of options. I do not like those places where I stand in the middle of a fairway and the only

shot I have is a five iron to the green. I want my course to bear this out whatever the land I'm working with."

Rather than a venue fashioned in his own image, Ballesteros wants to build courses that all golfers can play. "There's no point having a ravine 100 yards long across a fairway if the vast majority of players who are going there are high handicappers. I think Augusta is a perfect example of a course which reflects my thoughts in architecture because it is one which every player can play and enjoy."

However, Alliss does not believe that any of the aforementioned golfers will design a course in Britain that will live up to their achievements as players.

"It is not a reflection on their abilities as architects. I just do not think a great championship course will be built again in this country. The sites simply are not available. There might be some perfect terrain around Lands End or John O' Groats, but who would go to play it?"

Sailing / Keith Wheatley

An offshore loophole becalmed

The tax lawyers call it defalcation. This offshore loophole allowed a lot of Paris doctors to own a boat in the West Indies and helped French yacht builders such as Beneteau and Jannet to reach a size where they could dominate world markets.

Now, le defalc has come to the America's Cup. Stardust, the Paris-based yacht charter company, persuaded the French government to allow the two 80ft IACC yachts built for the 1995 cup to sneak in under the programme. Stardust sponsors the campaign for a nominal \$50m but the taxpayer picks up the bulk of the tab.

"It makes a perfect sponsorship for us," explained Jean-Michel Tissier, head of Stardust as racing began last month. "It is in the right sport and gives us huge exposure in the USA where we must look to grow our business."

As the challenger elimination series for the Louis Vuitton Cup reach the half-way mark, things look much less than *parfait* for the French. They lie next to bottom of the points table, above only the Spanish who have won just one race in six weeks. Missing the semi-final cut looks a real possibility. Pajot has set in at the lavish French compound on Mission Bay, just north of San Diego's main harbour.

When third-round racing began last Saturday there had been a big shake-up on board *France 2*. Skipper Marc Pajot had moved from the helm and tactician Bertrand Pace was off the boat. The syndicate's time-up pair Thierry Peponnet (tactician and starting helmsman) plus Francois Brenac (helm) moved in to see if they could do better. An enormously unhappy Tissier was behind the move but it bore no fruit, with immediate losses to *Team New Zealand*, *oneAustralia* and *Tag Heuer*.

No British or American sailor compares in national popularity with Pajot's profile in France. At one time he was the country's highest-paid sportsman. He is widely thought to have political ambitions. His strategy of putting himself at the centre of the cup campaign could be about to explode in his face.

Elsewhere on the San Diego waterfront it has been business as usual for the Kiwi victory machine, *Team New Zealand*. They extended their unbroken run in the 1995 America's Cup to 14 straight races with the emphatic 1min 58sec win over *France 2*. This puts them at the head of the challengers' leader board. *oneAustralia* and *Tag Heuer* lie equal second.

The margin of the Kiwi win over Pajot would have been even greater if the NZ boat's splinter had not hit the buoy during the hoist at the final weather mark, leaving Russell Coutts and his crew to go a 27th turn before the finish. This highly polished campaign does not like its image marred like that. In some pointed horseplay after the finish between Joey Allen and Murray Jones were shoved into the Pacific.

In the defender series *Young America* took the overall lead with wins over both Dennis Conner and the *America* women's team, the latter following a tight race in near perfect conditions. On the second downwind and third upwind leg the two yachts were never more than a boat-length apart, the time separation being between 10 and 12 seconds.

The women's team have confounding the early sceptics. They have proved strong in two unexpected areas: starting and upwind tacking duels. J.J. Isler has consistently given *America* speed and position off the line, and the team of female Olympic rowers and weightlifters on the grinders have proved the equal of their male counterparts. However, the women are relieved that their new boat is now in the compound being prepared for a mid-March racing debut. Even though *America* won the 1992 Cup handsomely for billionaire owner Bill Koch, there is no hiding the fact that it is the oldest boat in the regatta.

Young America has come from almost nowhere to be the front-runner among the defence syndicates. With a one-boat campaign, few dollars in the bank and a skipper lacking cup experience, they were never going to attract ante-post money at the bookies. Kevin Mahoney is rich kid



Business as usual: Russell Coutts (centre), skipper and helmsman of Black Magic, the New Zealand team, manoeuvres his boat for a start in the Louis Vuitton challengers cup off San Diego. Gary C. Cusack

who grew up sailing along the coast of Maine, the area where George Bush has his holiday home. Until his 1993 silver medal at Barcelona there tended to be a feeling among US sailors that with his trust fund buying the best boats and paying for the best sails, Mahoney was always going to do well. However, it was interesting that to choose two more world-class sailors with no "cup runs", John Kosteki

and Ken Read, to join him in the tactical decision-making at the back of the boat. Kosteki took the 1988 Olympic silver medal in the Soling class, while Read has been six times 24 world champion. Probably the key to the success of the whole operation is John Marshall, head of the whole PACT 95 operation which has built and campaigned *Young America*. Marshall sailed in the 1974 Cup aboard

Intrepid and then became indispensable to Conner as mainsheet trimmer aboard *Freedom* and then *Liberty*. After heading the design teams which gave Conner the successful *Stars & Stripes* in both 1987 and 1988, Marshall and the big man had a huge falling out.

When Marshall went he took Bruce Nelson, Conner's key designer with him. Since then the *Stars & Stripes* boats produced by Dave Pedrick have looked pedestrian. "Of all America's Cup programmes ours believes most fundamentally that boatspeed wins races, and advanced technology delivers boatspeed," says Marshall, explaining the credo of *Young America*, adding that on the software side: "In any sport the next generation of athletes compete at a higher level because they train harder and commit more to winning."

Sport provides

unmatched opportunities for small nations to establish an identity and hit back at larger neighbours. Uruguay soccer coach Ondine Viera once proclaimed: "Other countries have their history, we have our football." Wales has a rich history and life beyond sport, but it has found few means of national self-assertion more effective than success on the rugby field. Once again, next weekend, a Welsh team is set to take the championship of Europe. Last month the Welsh Rugby League XIII led by Jonathan Davies succeeded where their union counterparts failed - by beating England at Cardiff - next Sunday the Welsh can win their first European title since 1961 if they draw with France at Carcassonne.

Some Welsh fans may suggest that the league team - including former union stars like Davies, Allan Bateman, Paul Moriarty and David Young - would also make a better fist of union international. And their tiny squad, drawn from ex-union internationals, has been hugely strengthened by a rule change recognisable to Irish soccer fans. Several experienced top class players with Welsh grandparentage, including the entire Wigan front row, have been declared eligible to play for Wales.

It could hardly be better timed. Rugby league celebrates its centenary next autumn with a world cup. Rowland Phillips, a union international in his days with the Neath club and now playing league with Workington, says: "I reckon we can get to the semi-finals now and with a bit of the rub of the green, maybe the final." Few have comparable hopes for the

Rugby League / Huw Richards

The dragon and the devil

union team in their world cup this summer. There are Welshmen with impeccable union credentials who will tell you that league "fast, athletic and fluid" is now the better game. But whether it can overcome traditional Welsh ambivalence is another matter. Wales does not lose more players to league than other countries, but feels as though it does because it

As early as the 1890s a Wigan rugby league scout was ducked in the sea at Penarth

loses established club and international performers where English union never sees the best talent from the League heartlands of the North. So it has felt since the codes split over broken-time payments in 1895. The league scout is Welsh rugby's Demon King - cast in the role as early as 1890s when a Wigan scout was ducked in the sea at Penarth, near Cardiff. Robert Gate, a historian, records that even before the schism of 1895 players like William "Buller" Stadden - scorer

Welsh professional clubs. These teams have lasted a total of 21 seasons. One factor has been unremitting Welsh rugby union hostility, summarised in 1960 when then president Horro Harding said: "The Welsh rugby league is only an infant, but it wants strangling".

Rugby league has appointed Kerry Sheehy as Welsh development officer. He is coaching in eight schools, while the new WRL has five amateur clubs including South Glamorgan Institute, the national student champions. Sheehy's own club Aberavon, the longest-standing of the five clubs, are developing the organisation necessary to long-term survival. "In the early stages everybody wants to play and nobody wants to do the administration. But now we've been around a few years, there are a few of us who are getting past playing but still want to be involved," he says.

Many play union on Saturday and league on Sunday, but Sheehy says they will eventually have to choose: "Playing twice a weekend does you no good in either game."

None of this will cheer the WRU, but it is not so far from threatened. Sheehy says: "We have 100 years start on us". Football historian Bill Murray says: "It is almost impossible for a firmly entrenched code to be displaced by another". Wales used routinely to beat Australia at union. But in recent meetings they have been overwhelmed by the athleticism, handling and support play of the Australians - skills Australians learn by playing rugby league at school. If the WRU wants its own players to reach Australian standards it should not just be tolerating league in schools, but encouraging it.

World Cup, Fifa, the governing body of world soccer, decided to abandon common sense. So far, say the officials who must put into practice Fifa's policy, things are working better than expected.

Fifa ordered referees to punish certain offences in specified ways. It may surprise readers and viewers of British newspapers and television but English referees and refereeing officials say they are pleased at the results. On the other hand, there are mutterings that changes affecting the way referees are appointed may be damaging the standard of refereeing.

David Elleray, a Fifa referee and spokesman for the Premier League referees, says: "There are two conflicting demands on referees: consistency and common sense. You can have a system where whenever someone commits an offence they get a yellow card, whoever the referee is, or you can allow a referee to judge the tempo of a match and a player can commit the same offence in two matches and get a yellow card in one and not the other."

Fifa opted for consistency. It ordered referees to show a yellow card for any tackle in ground and made contact with the other player, doing away with the requirement that the foul be intentional.

"Players have adjusted well," said Elleray. "Neil Ruddock [the Liverpool defender] who

Soccer / Peter Berlin

Who would be a referee?

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"Players have adjusted well," said Elleray. "Neil Ruddock [the Liverpool defender] who

was one of the most vocal critics at the start of the season has turned into a more skilful defender. The change has exposed others who do rely on clogging."

Now that the cloggers can no longer clog, the artists should be free to express themselves. So where are the artists? The English game, it turns out, was without artistry because, largely, it was without artists.

Perhaps play this season has been so uninspiring because of the increased threat of relegation. Four clubs will go down and many are playing safety first football. Ken Riddon, the Football Association's director of refereeing, says this fear is part of the reason managers have been so ready to criticise referees. He says the increased media attention on the Premier League means that every mistake is highlighted.

"Previously, one or two matches every Saturday were covered by a single camera crew. Now, especially at the live matches, there are a dozen cameras or more," he said. Managers' complaints have focused more on perceived errors that involve goals or sendings off than on rule interpretations.

Managers have used the word "consistency" a lot, but that may be because they think Fifa's policy offers a handy stick with which to heat referees. To the average manager consistent refereeing means every decision going in his team's favour. As Ron Luciano, the baseball umpire, said,

Referees can no longer drop to the Endsleigh to recharge their batteries

fore stuck with its 22 for the year. Apart from cup games, referees can expect to average one Premier League match a fortnight. Like players, referees need regular matches to keep their form. "A match every other week is enough for some to keep in form but not others," said Riddon. Referees who lose form can no longer drop to the Endsleigh "to recharge the batteries out of the spotlight", said Vic Callow, president of the Association of Premiership and Football League Referees. Promising referees cannot be moved up for a few games in the Premier League. They have

to be promoted for the whole season or not at all.

"We used to have the advantage that we could look at the people doing well," said Riddon.

He faces a problem next season: "Suppose we want to take a chance with young referees and they do not do well. There's no buffer."

Fifa is applying pressure for younger referees. The FA has a flexible upper age limit of 48. Referees must leave the Fifa list at 45 and cannot join if they are over 42. The FA is allowed to put eight referees on Fifa's international list, but the FA has not been able to nominate a replacement for Gerald Ashby who crossed the age threshold last year.

There are, nevertheless, nine Fifa referees in the Premier League. The Welsh FA is entitled to pick five Fifa referees. Its contingent includes Keith Burge, a Premier League linesman, two Endsleigh linesmen and a referee from the English League of Wales who could go from Aberystwyth Town v Llanstifford one day to Benfica v AC Milan the next.

These changes are creating a group of celebrity referees, which causes resentment among referees and linesmen lower down the ladder. Next time you are telling a Premier League referee that you could do his job better, remember that there are dozens of ambitious Endsleigh League officials sitting in front of their televisions shouting the same thing.

FOOD AND DRINK

Cookery

Celebrate St David with a fish feast

Philippa Davenport finds a perfect partner for the humble whiting

On St David's Day, March 1, all good Welshmen wear leeks and carry the reek of allium with pride. Dafodil buttonholes are for women and boys.

This year, the feast of the patron saint of Wales coincides with Ash Wednesday, a clash that might prompt the cook to think in terms of partnering leeks with fish. This combination of ingredients can make a fine marriage.

Whiting is not in fashion these days. Few young cooks know it, and many older ones have been frightened off by memories of it served en colere

called saithe) would be a more appropriate option.

DANISH FRIKADELLER OF WHITING WITH LEEK AND CORIANDER SAUCE
(Serves 3-4 people as a main course or twice as many as an appetizer)

Ingredients: 1lb whiting fillets; 1½ leeks (tender green parts as well as white, trimmed weight); a bunch of coriander; half a lemon; 1 bay leaf; a good grating of nutmeg; 2 eggs; ½pt half-cream (or a mixture of milk and single cream); ½pt richly flavoured fish stock made from the whiting skin and trimmings; 2 tablespoons potato flour or cornflour; 4½oz butter plus extra for frying.

Method: Skin the fish, tease out any bones, and reserve a generous ½lb of the flesh for the frikadelles.

Simmer the left-overs for 20 minutes in water with the skin, bones and any extras gleaned from the fishmonger, plus a squeeze of lemon, a bay leaf and a couple of peppercorns. Strain, reduce to ½pt, season and cool.

Chop the reserved raw fish into chunks. Put it into a food processor. Add 1 teaspoon or so of sea salt, plenty of pepper, some nutmeg and 1 teaspoon lemon juice. Process to a fine, smooth purée, stopping the machine as necessary to push the fish down onto the blades for even results.

Sprinkle on the flour, add 1½ oz butter (at room temperature and diced) and whizz again briefly.

Beat the eggs with the half cream and cold stock. Add the mixture slowly to the food processor, pouring it through the spout while the machine runs.

You might not need quite all of the mixture if the eggs are very large. Stop when the purée is as rich, smooth and airy as heavily whipped cream, and just firm enough to hold a shape when spooned.

Chill for 30 minutes. Then shape the creamy fish purée into 18-24 plump oval cushions, forming them with the aid of two spoons. Lay them, spaced slightly apart, on baking sheets lined with lightly buttered greaseproof paper and chill again until ready to cook.

Cook the frikadelles in small batches, shallow frying them in hot butter until crusted with golden brown on the underside. Flip them over carefully and cook on the second side for around three minutes more. Drain on crumpled kitchen



Mediterranean Melin-y-Cock: a goat's cheese dish from A Taste of Wales by Gill Davies

Rays of culinary sunshine in Wales

Salmon from the Usk and the Dovey, ham from Carmarthen, shellfish from Dyfed, top-class lamb and beef obtainable everywhere. The quality and availability of fine ingredients in Wales has never been higher.

This abundance has encouraged the development of new culinary traditions, combining traditional recipes with a more innovative and modern approach, reflected in a new book, *A Taste of Wales* by food writer Gill Davies (£17, 160 pages).

Appropriately, it is being published by Pavilion on March 1, St David's Day. Davies has included a recipe by Colin Pressdee, the popular

Swansea chef and broadcaster, who starts a new series, *Welsh Coastal Cookery*, for Radio Wales on April 4. The BBC will also be producing a book (£5.99) with the series.

Pavilion is also using March 1 to publish two further titles reflecting Wales's diversity of food tradition.

Ant and Franco Taruschio's *Leaves from the Walnut Tree* is out in paperback (£9.99, 256 pages) along with their new book *Bruschetta* (£12.99, 159 pages).

For more than 30 years the Taruschios have been bringing a unique alchemy to the hamlet of Llandewi Skirrid, near Abergavenny in Gwent. Distinctive is the word most used by food writers when

discussing their style of cooking. It draws on sources from Italy (Franco's home) to Thailand in addition to using local produce. Every dish I have ever eaten there, from Italian sausages to best end of Welsh lamb, has been exquisite. It deserves the accolade bestowed by my colleague Nicholas Lander - inspirational.

COLIN PRESDEE'S GRATIN OF COCKLES WITH LAYERBREAD
(Serves four)

Ingredients: 8oz laverbread, 8oz cooked shell cockles or mussels or a mix of both; 2 cloves of garlic, finely chopped; 1 tablespoon of finely chopped parsley; 5 spring

onions, chopped; 2oz fresh breadcrumbs; 1oz grated Penryn or Cheddar cheese.

Method: take one large or four small shallow gratin dishes and divide the laverbread between them, spreading a thin layer in each dish.

Top this with the freshly cooked cockles and/or mussels and a small amount of their liquid. Mix the garlic, parsley, spring onions, breadcrumbs and cheese together and sprinkle over the dishes.

Bake in the preheated oven at 200°C/400°F, gas 6, or grill for about five minutes until the whole dish is sizzling and golden brown.

Jill James

Getaways for serious tipplers

Jancis Robinson on wine breaks

A circular from Lady Bute, wine merchant extraordinaire, has set me thinking about wine weekends.

She is organising one at her country seat from March 25 to 27 at which Jean-Pierre de Smet of Domaine de l'Arlet, one of Burgundy's most charming growers, will be performing, along with a traditional Scottish piper, two Scottish dancers, the local canon (at an ecumenical service to be held on Sunday morning in her private chapel), and of course the inimitable Jennifer Bute herself.

As one who has spent two nights at Bute Towers, the amazing late Victorian pile Mount Stuart on the Isle of Bute off the west coast of Scotland, I would urge anyone with a passing interest in wine, people, architecture, and how the other half live to consider this opportunity carefully.

I shall never forget the size of my bedroom, so great that it was inconvenient: I had to walk about a quarter of a mile to discover which of the precious chests, armchairs and eschirotes I had left my hairbrush/handbag/notebook on. The shower in my perfectly preserved 19th century bathroom was encased in a mahogany cabinet, and its pipricks of water emerged horizontally from various different altitudes.

There is an artist-in-residence, a heated indoor swimming pool (surely only in Scotland do they have unheated indoor swimming pools), sauna, billiard room, tours of this exceptional Gothic house and gardens, and expeditions round the island.

Few gates are closed to Lady Bute on the Isle of Bute, which is a 30-minute ferry ride from Wemyss Bay, itself "less than an hour's journey by electric train from Glasgow Central", according to the island's tour-ist literature. It just seems a shame there's no Buteshire...

Wines to be served at dinner include first growth Chateau Mouton-Rothschild and one of Guigal's single-vineyard Côte-Rôties and the price varies from £160 to £585 a person according to how many nights (one to three) you can take and how large a room you require.

As a veteran of at least a dozen wine weekends in at least five locations, I cannot recommend them without certain reservations. It is very important to match your knowledge of and interest in wine with the general ethos of the weekend. (The Bute one sounds entertaining enough on its own account.)

Studley Priory, an atmospheric Elizabethan hotel over-

looking Otmoor just outside Oxford takes its wine relatively seriously and tends to attract fairly hardline enthusiasts. This is great for monitoring how your Puligny-Montrachet Combettes is coming along, but less so if you are after a bibulous giggle.

Studley Priory's next wine weekend is November 3 to 5, and will be tutored as usual by wine writer Clive Coates, assisted by Jean-Michel Cazes of Châteaux Lynch-Bages, Pichon-Longueville etc and Anne-Claude Leflaive of white burgundy fame.

The price is likely to be around £400. Studley's weekends have an obvious geographical advantage for those living in south-east England, or flying in via Heathrow.

For years, I hosted a wine weekend at Glenesigles in Scotland where some of our most faithful participants were an extended French family and their friends who would fly from Paris and Lyons especially for the event.

Wine weekends are essentially a British rather than French phenomenon, although the Club Oenophile du Midi of Toulouse is organising not just one but two great Romanée-Conti tastings at Carcassonne's excellent Hotel de la Cité on Saturday 29 April at FF950 and FF9500.

You need to be sure that there is a reasonably jolly, inclusive host. I remember being invited to one hotel wine weekend where the owner treated his own coterie to champagne before dinner but left everyone else skulking about, eyeing us hungrily.

The ultra-luxurious Gidleigh Park Hotel near Chagford in Devon runs its wine weekends like a jolly house party, even to the extent of serving meals round a single large table.

Gidleigh has the added and unusual bonus of serving absolutely first class food. All this exceptional food and drink from Friday evening until Sunday morning, plus a guide such as Christie's wine supremo Michael Broadbent or Bill Baker of Reid Wines, costs about £400 per person.

Finally, do inquire about exactly which wines are to be served and whether they suit your taste. I once had the very dubious pleasure of witnessing a wine weekend participant explaining to Amyas Symington, of the famous Oporto dynasty, just exactly what it was he found so intolerable about port.

■ Bute Wines 0790-502730; Club Oenophile du Midi, France 61 27 37 69 or 62 24 43; Gidleigh Park 0647-423367; Studley Priory 0865-551203.

A dish that doesn't scratch ceramic hobs. (What a bunch of smoothies we French are.)

Of the many, very different, things I have had to do in Paris, one of the nastiest was to spend eight hours a day pushing television sets into tight spaces at the top of pitched-roof train compartments during a heat wave.

Work began at 7am, but between the Metro and the warehouse we all stopped at the local bar where the work-

A morning shot of fire

Giles MacDonald on the distillers of calvados in Domfrontais

ers lined up for a shot of black coffee. As the cup was pushed towards them, down came a bottle of clear liquid and every one of them got a slug of calvados. If you did not want the

breakfast spirit you had to say No pretty quickly: once it was in the cup there was no turning back.

Laws against drinking and driving and work safety codes must have eliminated some, if not all, of the massive intake of drink which used to go on inside, or just outside, the factory gates; nor can I believe that French industry has suffered as a result.

The calvados drunk on these occasions was not the aged distillate found in top restaurants, but young, fiery stuff, often bought directly from a mate in Normandy soon after it had run off the still.

In the Domfrontais they maintain that the spirit is perfectly pleasant to drink at 18 months when it has a good, frank taste of pears (yes, pears). Tossed into coffee it is even better, as the espresso seems to absorb some of the rougher elements.

The Domfrontais region of Normandy specialised in this sort of calvados. It is a rough,

lawless place, similar in some ways to the west of Ireland. The hereditary distillers, or *bouilleurs de cru*, declared a minute amount of their production in order to justify their continued ownership of a still. The bulk, however, was sold when it was young and fiery.

The Domfrontais is a region of ancient pear trees, some of them two centuries old. Unlike the better known Pays d'Auge, the spirit is made from distilled perry, or pear cider. In the Pays d'Auge only small amounts of pear juice are used - rarely more than 10 per cent.

The other big difference between the Domfrontais and the sleek Pays d'Auge lies in the method of distillation. The people of the Domfrontais preferred the continuous still, while the Pays d'Auge preferred double distillation in pot stills. The former is the way in which the best armagnac is made, the latter, cognac.

While most of the distillers of the Domfrontais preferred to

sell young *eau de vie* on the sly to locals and cafe-owners, there were always a few producers who kept the flag flying for quality.

The great name in the Domfrontais used to be Isidore Lemorton, a venerable patriarch who died last year at the grand old age of 94. Longevity and calvados seem to go together. In the Pays d'Auge almost all the male members of the Groult family attain ages of between 80 and 90 years; and that other great name for superb old calvados, *le pere Camut*, died recently, only a few years off his century.

Lemorton calvados is now made by Isidore's son, Roger. It cannot be easy taking over at an age when most people have already retired. Perhaps because of his age, Roger Lemorton shows no desire to rock the boat.

He has instituted a young (five-year-old) calvados, but the flagship products are still the old vintages.

If you are not careful, old calvados kept in oak casks can take on a fiery, aggressive character with age which is not altogether pleasant. I found something of this on the Lemorton 1967. On the other hand, the 1965 and the 1944 were wonderfully smooth and concentrated without so much as a hint of woodiness in spite of their continued residence in oak. The 1926, made at the beginning of Isidore's reign, was more peppery.

Lemorton still has a small amount of pre-1900 calvados made by his grandfather. Like the rest, it remains in wood and is bottled when he needs stock. He sells these spirits to top restaurants such as Tal-

levant and La Tour d'Argent in Paris and Boyer in Reims. The one we tasted was quite remarkable: still recognisably and pear-apple calvados and without any burning sensation on the finish.

Lemorton remains a small producer. Anyone looking for quantities of Domfrontais calvados should apply to the co-operative in Domfront itself. This was an initiative of the Comte Louis de Lauriston, a descendant of the John Law who created the Banque de France and a Scottish earl in his own right.

More recently the Domfrontais have called on the services of the former marketing teacher, Christian Drouin, who bottles his own Pays d'Auge calvados under the labels Fiefs de Sainte Anne and Coeur de Lion.

The calvados is sold in elegant Italian bottles and labelled Comte Louis de Lauriston. The spirits come from the farmers themselves, who sell them barrels for bottling. This allows the co-operative to sell some splendidly mature calvados: a slightly edgy 15 year old; a rich, mellow 1969; a more peppery 1964; a beautifully fresh, frank 1915, which was, in my opinion, the best of the lot.

It was certainly a long way from that crude shot which used to shake the workers back to life on their way to the factory in the Boulevard Macdonald.

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BOOKS

Views that don't make ends meet

Joan Smith takes a collection of essays to task for treating money as a purely male prerogative

In 1902, after a slump in the value of South African gold-mining shares, a jobber named Henry Heppel blew his brains out in a lavatory at the London Stock Exchange. The bullet passed through a partition into an adjoining stall and wounded another member in the arm. Seven years before, a broker with money troubles slit his throat on a train; an inquest was told that Frederick Heath "had been unable to sleep for the past three weeks owing to trouble caused by heavy monetary losses".

These examples of money causing terminal despair come from David Kynaston's essay on the City at the turn of the century in the new edition of *Granta*. They cast an ironic

light on the cover image, a sleek tycoon smoking a cigar, even when funds are plentiful. Helen Epstein's account of the arbitrary manner in which American cash is channelled into AIDS research in Uganda shows that money alone does not go far in solving problems.

GRANTA 49: MONEY
Penguin £7.99, 256 pages

In what is perhaps the most startling contribution, the English author Richard Rayner, now living in Los Angeles, confesses to an early career as a forger and burglar. Faced with a college bill he

could not pay at Cambridge, he claims to have embarked on a life of crime which began with forging cheques, progressed to stealing a Rolex watch from a fellow student and culminated in a bungled burglary at an isolated house belonging to the parents of a friend.

Rayner's piece is prefaced by a photo which shows him smiling in an open-necked shirt, his hair unfashionably tousled and a gold chain nestling in his chest hair. The image reinforces the impression conveyed by the essay that Rayner regards his younger self as a bit of a lad, a latter-day Raffles for whom he feels nostalgic affection. But if his account is accurate, it would hardly be surprising if some of his erstwhile Cambridge friends took a harsher view.

Rayner's essay is the first in the collection and to some extent sets the tone. To Rayner, to Ian Hamilton trying to keep a small literary magazine afloat, to James Buchanan earning royalties he cannot spend in Jeddah, money is a bit of a joke. Coming from only a slightly different angle, Kevin Jackson makes a playful attempt to deconstruct its meanings, quoting from Sophocles and George Gissing and Dr Johnson. Real grinding poverty makes an appearance only at a safe distance, in Africa or in Jonathan Rahan's promising but too brief essay on farming in Montana in the 1930s.

Walpole: master of the epistle

A.C. Grayling enjoys a delicious correspondence

When David was old and stricken in years, so the First Book of Kings tells us, his servants brought him a young virgin. Abishag the Shunammite, to "be in his bosom so that our lord the king may get heat." And, the chronicle continues, "the damsel was very fair, and cherished the king, and ministered to him: but the king knew her not." Transposed to the 18th century, this warming tale exactly applies to the ageing Horace Walpole, who had not one but two Abishags, the charming sisters Mary and Agnes Berry.

Virginia Surtees has collected and, with the lightest of editorial touches, annotated Walpole's delicious letters to the Misses Berry. They reveal the old man in his last

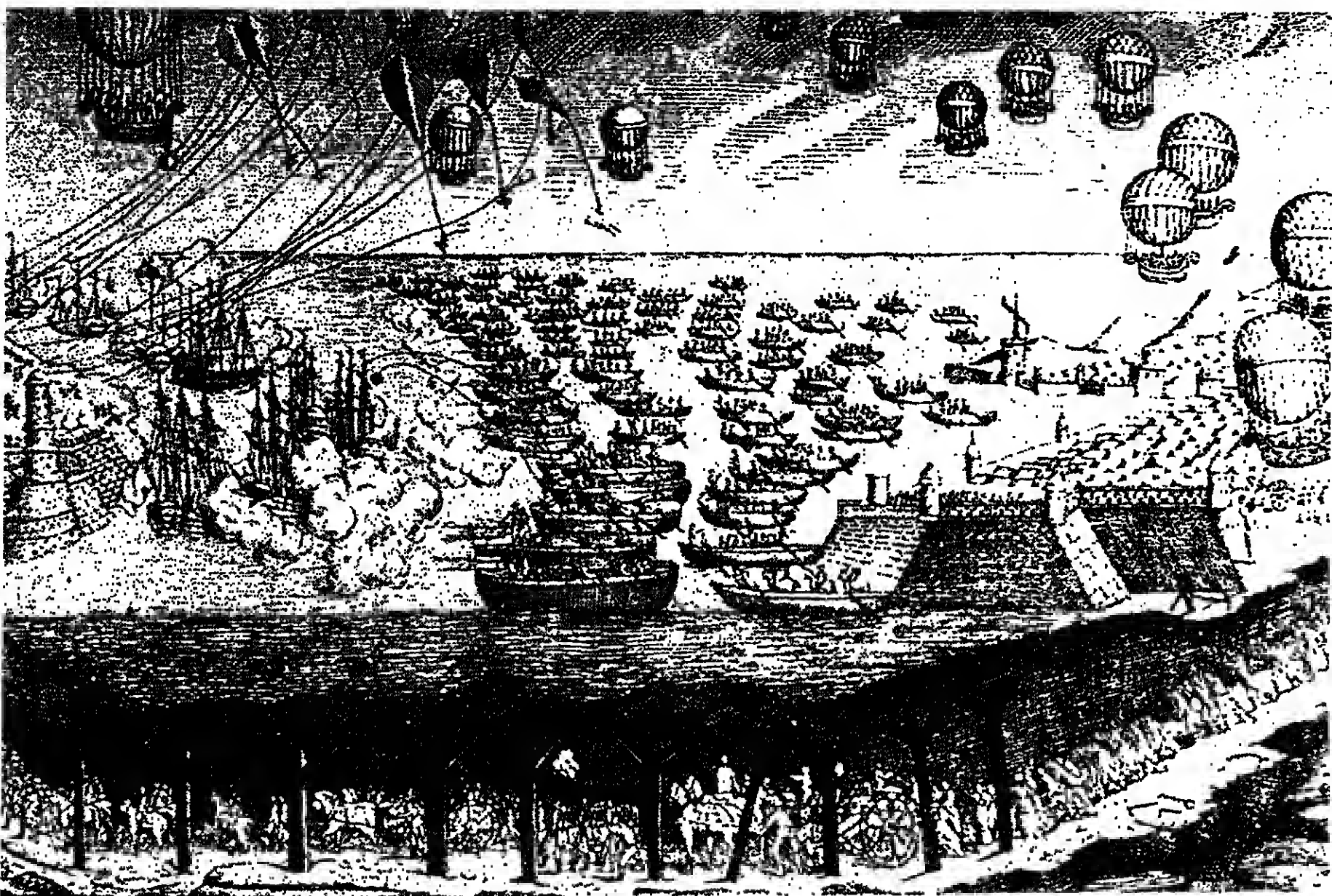
Italy almost as well as Walpole himself. They were cultured, intelligent, unpretentious and affectionate. After Walpole's death Mary served as his literary executor, producing the first complete edition of his works. Her journals and letters are one of the chief sources of information about his life.

Virginia Surtees's edition of Walpole's letters to the Berrys is a valuable addition to our understanding of him. He is an important figure in the intellectual history of 18th century England; his celebrated Gothic novel, *The Castle of Otranto* - praised by Sir Walter Scott and damned by Hazlitt - is the starting-point of English romanticism. His memoirs of the political life of his times are an invaluable historical document, for although he was inveterately hostile to his father's political enemies, he was fair in reporting parliamentary debates and personalities, of which - as a silently observing MP for over a quarter of a century - he had intimate knowledge.

But Walpole's chief contribution to literature is the epistle. He passionately admired the letters of the 17th century Mme de Sevigny, who had revived the classical tradition of letter-writing as an art. In more than 3000 letters spanning a period of 60 years Walpole took the epistolary art to new heights. His chief correspondents included Sir Horace Mann, long-time British resident in Italy, the Milton scholar William Cole, the Countess of Ossory, his old friend Henry Seymour Conway, and the redoubtable Parisian salon hostess, blind Mme du Deffand.

But in these charming letters to the Berry sisters Walpole is at his most domestic - even, at times, at his most vulnerable, as when the sisters made a channel-crossing on a night of storms, and Walpole haunted the Gothic gloom of Strawberry Hill in terror for their lives. These letters are unbuttoned, fond, playful, gallant and doting. They chance at great events of the day - the trial of Warren Hastings, the storming of the Bastille and the Revolution - giving them an extraordinary freshness and immediacy, reminding one of history's sharp realities.

And we see the life of the Misses Berry, Agnes's painting and Mary's crushing disappointment in love, reflected in the mirror of Walpole's concern. In all their lightness and immediacy, these letters are a human testament, witnessing to what Walpole in one of these letters calls "the grace of friendship" - words which Virginia Surtees aptly uses as the title of this pleasing book.



Euro-scepticism circa 1800: an English print shows Napoleon invading Britain by a secret tunnel. From "Chunnel Tunnel Visions, 1850-1945: Dreams and Nightmares" (The Hambledon Press £25, 239 pages). Author Keith Wilson examines the response of politicians from Gladstone to Chamberlain to plans for a tunnel link and argues that their views have reflected the key question about Britain's identity in the larger world.

Disraeli the literary dandy

Malcolm Rutherford on a new account of the prime minister's puzzling early life

Benjamin Disraeli was a revered Conservative prime minister who told his biographers that he was a "man of letters" and a "man of letters". The origins of his name, for example, was a bit of a phantasmagoria. His early life was a puzzle, and his political career was a mystery. Most of that information must have been known at the time, but was either ignored or glossed over in the early biographies.

For later generations some of the facts started to come out in *The Young Disraeli* by the American B.R. Jerman, published by Princeton University Press in 1960. Jerman worked from letters, papers and a diary that had been previously overlooked. It is slightly surprising that Jane Ridley should make only passing reference to Jerman in a book of the same name.

Still, Ridley picks up where Jerman left off and others have since trod. Her young Disraeli was an

even wilder figure than Jerman suggested. He was at home in the "fleshpots of Malta", the "brothels of Constantinople" and was probably a latent homosexual. "Bisexuality", Ridley writes, "came as naturally to Disraeli as did Tory Radicalism", which at the time seemed a contradiction in terms. Tories were not supposed to be radical.

This is the first of two volumes, covering Disraeli mainly as dandy and writer, though it stretches to 1846 - the year of the repeal of the corn laws and the establishment of Disraeli as a potential party leader. Presumably volume II will provide an assessment of his political career, the first in a series of books that will make one look forward to it.

Nevertheless, Disraeli remains a puzzling figure. One question Ridley does not fully answer is why he was so persistently in debt. We

know the beginnings: he made a spectacularly unwise investment in 1824. Yet Disraeli always had friends who would bail him out in the end. Every time they did the debts began to mount again.

It cannot have been a case of fast women and slow horses, for Disraeli took more from women than he gave and was not interested in racing. True, he was fond of claret, but widely and wrote prolifically. As far as his literary side, he devoured official documents. His novels are strewn with knowledge of blue books on the condition of the poor and even reports on the "sanitary condition of the labouring population".

Yet there remains the question of how such a dandy could be such an assiduous worker. Ridley makes the peculiarly English judgment that Disraeli was not an intellectual. That is not how it would have seemed on the continent. He read widely and wrote prolifically. As far as his literary side, he devoured official documents. His novels are strewn with knowledge of blue books on the condition of the poor and even reports on the "sanitary condition of the labouring population".

faction to join. If you have decided at an early age, as Disraeli clearly had, to seek to become the next prime minister but three (or thereabouts), it is worth pausing before you throw in your lot. Personalities have as much to do with it as policies, and it is naive to believe that there are permanent differences between parties. Disraeli was an opportunist, but none the worse for that.

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Disraeli was also one of the few British politicians to have liked Germany. He did so because he visited it at an early age and saw the country in all its diversity. In short, he had an open and inquiring mind. Ridley makes much of his Jewishness. Although it did not prevent him from getting to the top, perhaps he had to be at the top to be fully self-confident. There is a revealing quote from his French biographer, André Maurois, who notes that he was never truly at ease in the company of men: "To feel himself their equal, he needed to be their chief".

In the end of course he was, but that is for volume II. Ridley concludes that Disraeli spent his early life inventing himself. After 1846 the next step was to reinvent the Tory Party. It was not until 1874 that the party won a general election.

Does anyone outside India still read the poetry, let alone the stories, essays, novels, plays, diaries and autobiographies of Rabindranath Tagore? Down in Devon his spirit survives in the New Age studies at Dartington, whose foundation was directly inspired by him 70 years ago and made possible by an American millionaire. In Bengal, after many years of suspicion and rejection, he has apparently become the great local hero.

This excellent new biography is directed to the non-Indian reader and focuses on the man rather than his prolific writings; it is welcome if only because these days so few of us know anything about him. Perhaps with today's renewed concern to explore the unity of man and nature, we should pay attention once more to the impossibly handsome Bengali Brahmin who arrived in London in 1912 with a collection of his own translations of his Bengali poetry, *Gitanjali*, and immediately won the Nobel Prize. From then until his death in 1941 he was a world figure.

He was lauded by Yeats, who hailed his poetry in ecstatic terms: "A whole people, a whole civilisation, seems to have been taken up in this imagination; and yet we are not moved because of its

Seer-poet from Bengal

J.D.F. Jones on the Brahmin who captured the west's imagination

strangeness, but because we have met our own image... Twenty years later Yeats was describing Tagore's subsequent work as "sentimental rubbish". Ezra Pound compared the early poems with Dante, and various otherwise sensible people compared Tagore's personality with that of Christ. Bertrand Russell kept his head and said the man talked "unmitigated rubbish". André Gide, his French translator, volunteered in a letter, "He is EXQUISITE".

The bare bones of the story are that Tagore was grandson of a fabulously rich zamindar landowner in Bengal, son of a more austere "Brahmin" (a puritanical sort of Hindu) and brother of the first Indian to get into the ICS. An early visit gave him an affection for England (he always enjoyed singing "Come into the garden, Mandi" in his celebrated tenor voice). He was otherwise more frequently heard in *raga* chants. He had next to no formal education and, after his emergence as a poet and song-writer, he

left Calcutta for the Bengali sticks to manage the family estates. That period did not merely turn him into a superb writer of short stories as well as songs (Satyajit Ray once said, "As a composer of songs, Rabindranath Tagore is the Myriad-Minded Man").

RABINDRANATH TAGORE: THE MYRIAD-MINDED MAN
by Krishna Dutta and Andrew Robinson
Bloomsbury £25, 493 pages

Tagore has no equal, not even to the west - and I know Schubert and Hugo Wolf) but also gave him his ideas for the essential regeneration of India: to focus on the villages.

In his campaign for rural development, Tagore was far ahead even of Gandhi, with whom he was to have a delicate relationship in the years ahead. To implement his ideas he set up a school, later to become a "university", at

Shantiniketan, a hundred miles outside Calcutta, which became familiar to distinguished visitors to India but never really worked out. Its alumnae included Indira Gandhi and Satyajit Ray.

Tagore spent years travelling the world, lecturing, being lionised, raising money for his school. He must have had immense charm. By now he was seen as a sage, a seer, but he was no politician, flirting with Mussolini, always ambivalent about the Soviet Union. An Anglophile who came late to the cause of Indian freedom, he renounced his knighthood in protest against the Amritsar massacre, but no-one noticed.

He continued to believe that in his own person he could bring together east and west, both emotionally and intellectually. That is some claim. Though I am not saying he was wrong. This biography is admirably straightforward, readable, lively, informative. Tagore's music and painting are only briefly discussed, at the end. Examples of his poetry are included and there is bound to be a problem about any discussion of the accessibility of Bengali poems or prose in translation.

It would have been interesting to know more about the setting up of Dartington. I imagine that Tagore is there in spirit and that he is as photogenic as ever.

Three different destinies

Uta Frith examines insights into the enigma of autism

Freddie never tells anyone when he has severe toothache. His carers have to guess when he has provoked his violent rages. Freddie is classically autistic. He is oblivious to the concerns of the people around him, follows only his own volatile desires and obsessive interests, and seems restricted to his own narrow, sometimes explosive world. Freddie never learned to speak and he cannot even share his feelings and thoughts by look or mime.

One of the best supported scientific theories of autism is that autistic people are not aware of thoughts or feelings: they do not find it self-evident that their own thoughts or feelings are different from those of others. For Mark Frankland this explanation makes sense of the bizarre behaviour of his step-brother Freddie.

The story of Freddie and of the people who cared for him is intense and poignant. It concerns a beautiful changeling child and the society beauty who adopted him. Devastated by the deaths of her brother and husband, Olivia Campbell took on a baby who proved to be autistic. Although essentially unsuited to the role, and

although she married again, she came to devote her whole life to her adopted son. With Freddie she found constant drama and anxiety and also a measure of enjoyment. Donna Williams is an apparent paradox - both autistic and an unusually gifted writer. After the success of her first book *Nobody Nowhere*, in *Somebody Somewhere* she continues to tell us about her inner world, and her constant struggle to understand it, in vivid fragments of sensations and emotions. Observations of herself and others are made without a desire to create an impression, and without fear of potential misunderstanding. This more than anything reveals her authenticity. But just as Donna talks about being "meaning deaf" and not understanding what others say, so too I wonder whether I might be "meaning deaf" to her expressions.

While she says that "autism lets me speak my own words without knowing what I am saying or even thinking", Birger Sellin, who is completely mute, represents the opposite view: that autism is a kind of paralysis that prevents him from saying what he is thinking.

ing. The proof of this assertion is, apparently, the rich inner world and intense suffering revealed in Sellin's poetry. Suggestions that his writing is produced thanks to a gifted psychic medium would have been more acceptable than the

FREDDIE THE WEAVER
by Mark Frankland
Sinclair-Stevenson £17.99, 288 pages

SOMEBODY SOMEWHERE
by Donna Williams
Corgi £4.99, 384 pages

IN DARK HOURS I FIND MY WAY
by Birger Sellin
Gullane £7.99, 227 pages

claim that it is actually made: that a so-called "facilitator" - his mother - gently touches his arm which is held over the keyboard, so that he can type, painfully, with one finger.

Is this a miracle? Or wishful thinking? Scientific judgment points to the latter. Cases of "facilitated communication" have been rigorously tested

and proved illusory. To quote Mark Frankland: "Our imagination imposes too heavily on people, and there is no limit to how much can be wished onto a silent man like Freddie." The phenomenon that makes people wish to believe in fairy tales and miracle cures does not have to be explained. The tenacious belief in this latest craze does.

Freddie's story leads us through the different approaches to autism, from Kleinian analysis, remote control healing, psychosurgery, old style asylums, locked wards, electric shocks, drugs of all kinds, remedial education and the Rudolf Steiner movement to, finally, community care. None of these seems to have altered the inexorable course of Freddie's very own and different destiny. To me this is oddly reassuring. Birger and Donna too, I believe, will also be essentially untouched and unspoil by any controversy or fame attracted by their books.

Dr Uta Frith, a senior scientist with the Medical Research Council and professor at University College London, is researching the cognitive causes of autism and dyslexia.

BOOKS

Enlightened look at liberal values

This book should provoke a welcome debate on the ideas of Isaiah Berlin, writes A.C. Grayling

Isaiah Berlin's memoir of his time as a Fellow of All Souls, there are references to a superior young intellectual, a bright young man, with a talent for mimicry and amusement which made him a refreshing and sometimes irreverent addition to Oxford's most august college.

That bright young man - now in his 80s - is Sir Isaiah Berlin, who went on to become Chichele Professor of Social and Political Theory at Oxford. He had begun his career as a philosopher, but - in Rowse's words - had wisely dropped the will-o'-the-wisp of metaphysics for the more rewarding study of the history of ideas. And then Rowse introduces a note of disappointment. "He could have written three or four substantial books for us on Russian thinkers and social thought. He never did, he devoted himself to essays, skimming the European cream."

This remark shows how comprehensively Rowse has underestimated both the man and his achievement, for Berlin is the most perceptive and subtle historian of ideas this century, and has been an important contributor to debates in social and political theory.

His chosen vehicle is the essay - beautifully written, rich with distillations of wide and deeply pondered reading, perfectly adapted to his unadorned, exploratory style of inquiry. Together Berlin's essays fill more than twice the three or four substantial volumes Rowse had

hoped for, and they are permanent additions to our literature. For this reason John Gray's eloquent book is welcome, because it measures Berlin's achievement correctly and tries to give it a systematic statement. If Gray is only partly successful in this second aim it is because his own strong convictions lead him to emphasise aspects of Berlin's thought in ways that other readers of Berlin are unlikely to accept.

Isaiah Berlin was born in Riga, Latvia, in 1909, the child of devout Hasidic parents. The family moved to St Petersburg, where in 1917 they witnessed both the February and November revolutions. By 1921 they had settled in England, where Berlin went first to St Paul's School and then Oxford. Apart from a posting in the British Embassy in Washington during the second world war, his home has been Oxford since election as a Fellow of All Souls in 1932.

A key to Berlin's outlook lies in his comments on Lewis Namier and Felix Frankfurter, both immigrants to Britain who possessed a touching Anglophobia: a "childlike passion for England, English institutions, Englishmen - for all that

was sane, refined, the opposite of brutal for the liberal and constitutional traditions that before 1914 were so dear to the hearts and imaginations especially of those brought up in eastern or central Europe, more particularly to members of oppressed minorities." Berlin, one such immigrant himself, from the same part of Europe and from an oppressed minority, might be writing about himself and his own values. The themes of moderation and decency are constants in his thought.

Three interests dominate Berlin's writings. One is the history of Russian thought; another is the criticism of the Enlightenment project mounted by its opponents; and the third is the question of liberal values in a pluralistic society. The first two interests are pursued by careful, subtle enquiries into the outlook of individual thinkers. Alexander Herzen among the Russians, and Vico, Fichte, Hamann and Herder among the opponents of Enlightenment, have drawn classic studies from Berlin's pen. The third interest is discussed on its own terms - as witness the celebrated volume, *Four Essays on Liberty* - but is pervasively present in Berlin's writings on these other

topics also. Accordingly Gray trawls widely for his account of Berlin's thought. In Gray's interpretation, Berlin holds a "subversively original" view which Gray calls "agonistic liberalism": that there is a plurality of values which are irreconcilable and conflicting. Most liberals believe or hope that, by the exercise of reasoned tolerance, conflicts of values can be

ISAIAH BERLIN
by John Gray
HarperCollins £18, 183 pages

resolved and harmony achieved. But Berlin, says Gray, is far more pessimistic: "he bows to the hard fact that conflict and the damage that results from it is unavoidable. His liberalism is stoical and tragic."

Berlin's agonistic liberalism embodies, says Gray, an attempt to blend rationalism with Romanticism, the Enlightenment ideal with the criticisms of the counter-Enlightenment. And this means that Berlin's is something of a failure: it is haunted by an uncertainty which expresses itself as a tension - indeed per-

haps the contradiction - between classical liberalism and the pluralistic, historicist outlook of the Enlightenment's critics.

Enlightenment thinkers believed that, by the use of reason, mankind can identify universal goals for itself, and the means to achieving them. They believed that science and rationality can overcome superstition, despotism, inequality and war. This faith was strongly opposed by critics who argued that different peoples have different needs and aims, and that there are no universal standards of reason and therefore no ultimate solutions for the dilemmas faced by humanity.

Gray interprets Berlin as accepting this latter opinion, and therefore as being committed to the rather precarious view that a liberal society is only one form of human possibility, with no special status vis à vis others - but to which, nevertheless, we should unflinchingly commit ourselves. The problem Gray identifies is: if liberal society is merely one among a plurality of options, why should we commit ourselves to it with such conviction?

But has Gray got Berlin right? Most readers of Berlin will be surprised to see such a bleak and inconsistent message

being drawn from his writings. They see in Berlin something different: an insistent belief that although there are conflicts and difficulties in the human condition, it remains worthwhile quietly to push the claims of reasoned tolerance as a means of solving or at least managing them.

Even if the critics of Enlightenment are right; even if the relativist view - that certain values are irreconcilable with certain others - is true; even if there is no clear answer to how a dilemma should be resolved; still, says Berlin, tolerance and reason can help to maintain the equilibrium which is, as he puts it, "the first requirement of a decent society".

Berlin does not, in other words, underestimate the vast complexity of human problems, nor the precariousness of the remedies we have for them. His essays are careful explorations of the arguments on all sides, and of the hidden needs and interests they serve. The work of understanding is an essential part of the work of finding practical solutions to these problems. What Berlin contributes is a large advance in respect of the first task.

Although Gray's interpretation has Berlin committed to a more pessimistic and unstable view than seems plausible, he has nevertheless performed a major service in setting out and discussing the broader outlines of Berlin's thought. His robust and readable book doubtless marks the beginning of a welcome debate about Berlin and his ideas.



Hilary Mantel: challenges a body of belief

Fiction/Carlo Gèbler

Nature will out

I admired *Fludd* for its resolute anti-trendiness (imagine writing a sympathetic life of a charismatic priest) and *A Place of Greater Safety* because of Hilary Mantel's ability to work on a large historical canvas (the work is set in revolutionary Paris).

Vastly different though they were in subject, these works shared a stylised quality of language and form: they were clearly from the pen of the same author.

The author's new novel *An Experiment in Love*, however, may be judged by some to be a disappointment as it is more straightforward and conventionally realistic. It is certainly realistic, but I also found it a much more satisfying read than the earlier works and in some respects - particularly its

dramatic form - it is a demanding one since it requires that the characters are always in a state of flux. Karina starts as an emblem of initial European stoicism and resilience. However, by the time we reach the denouement, when a fire rages through Tonbridge Hall, we know not only that Karina is sly and secretive - she has kept the fact of being pregnant from her friends for six whole months - but that after the fire alarm started, she locked her despised room mate Lynette (a rich girl from Harrow) into the bedroom they shared on the third floor of Tonbridge Hall; and Lynette has not come out. Karina is, if not a killer, certainly an accessory to another's death.

Julianne, a little more predictably perhaps, starts as a snob: she then goes through a nice patch, when she comforts a girl who has an abortion; and she ends as a faddish feminist doctor who gives advice to rich parents about their children's anorexia and bulimia.

AN EXPERIMENT IN LOVE
by Hilary Mantel
Viking £15, 256 pages

noo-doctrinaire analysis of men and women and their relationships - it merits comparison with Elizabeth Taylor.

The early scenes in the novel are set in a north of England mill town in the 1950s. The milieu is a cheerless one of cold tilestone and scrubbed faces. Eccles cakes and jigsaw puzzles, with dad by a wheezing coal fire; there is a faint whiff of Alan Bennett. The narrator is Carmel McBean, only daughter of second generation Irish immigrants who have ended up in Lancashire.

The child McBean is sickly (as she remains for the rest of the novel) and returning to primary school after a particularly long absence, she finds that she is now friendless. Where shall she sit?

Uncomfortable and uncertain, she plumps for Karina, daughter of eastern European Catholics who, like the Irish before them, are heaped in the miserable north - except, of course, unlike the Irish, it is the second world war and not the search for employment that has brought them there.

The two inevitably become friends and go onto grammar school where they meet Julianne, the blue-eyed daughter of a dentist. The two become a threesome who then go on to London University, and end up living together on the third floor of the grim Tonbridge Hall of Residence somewhere in WC2.

An Experiment in Love, in other words, is a female bildungsroman. The form is a demanding one since it requires that the characters are always in a state of flux. Karina starts as an emblem of initial European stoicism and resilience. However, by the time we reach the denouement, when a fire rages through Tonbridge Hall, we know not only that Karina is sly and secretive - she has kept the fact of being pregnant from her friends for six whole months - but that after the fire alarm started, she locked her despised room mate Lynette (a rich girl from Harrow) into the bedroom they shared on the third floor of Tonbridge Hall; and Lynette has not come out. Karina is, if not a killer, certainly an accessory to another's death.

Julianne, a little more predictably perhaps, starts as a snob: she then goes through a nice patch, when she comforts a girl who has an abortion; and she ends as a faddish feminist doctor who gives advice to rich parents about their children's anorexia and bulimia.

But it is Carmel, the narrator, who undergoes the greatest changes; she begins as a bluff and very observant who is particularly good on the habits of the north of England; she then becomes an incredibly pretentious and irritating undergraduate with not an original thought in her head; and finally knows something true and right.

And what Carmel knows - beautifully and elegantly expressed by Mantel - is that "isms" and ideologies, particularly socialism and feminism, have always wanted to control relationships. Unfortunately for ideologies (although fortunately for the rest of us), there is not a system under the sun which will ever be the equal of nature; and the simple reason for this is that all "isms" and ideologies were invented by human beings, and nothing that comes out of the human intelligence can ever match the terrifying and appalling strength of nature. We are biological mechanisms which will, no matter what, fall in love and reproduce. The call of our bodies, or of nature if you prefer, is stronger in the end than our intellectual constructions.

An Experiment in Love is a very fine novel and it does what fiction is particularly adept at doing; it mounts a challenge to a body of belief which verges on the hubristic. I suspect this will not win Hilary Mantel many plaudits, but she has my vote.

Towards the end of the financial year, it is cheering to discover a children's book that encapsulates every grown-up's worst fears - and then provides a solution. In *Dog Dotington* by Diana Hendry (Walker Books, £7.99), the Dotington family are beset by all sorts of terrors, but Dad Dotington is particularly "scared of letters in brown envelopes".

"Let's get a dog," the family decides, "that may make us less nervous." Father hopes that "a dog might eat the letters in brown envelopes", but the new mongrel, named Hero, turns out to be more terrified of life than the Dotingtons themselves. How Hero instills courage into his new owners is the crux of a book that has the rare ability to hold the interest of adults as well as children.

Another author who consistently feeds the imagination of the grown-up as well as that of the child is Anthony Browne. His *The Big Baby* (Red Fox, £4.50) is the story of a Peter Pan-like father who spends hours in the bathroom, likes loud music and always retreats to bed at the first sign of a cold. One night, after knocking back an elixir, he wakes to find that he has become a real baby again - and it is horrible. Browne's unsettling illustrations, combined with an excellent text, make this the perfect post half-term gift for reluctant fathers.

The general unpleasantness of infants is also the theme of *The Babies of Cockle Bay* by Angela McAlister and Susie Jenkin-Pearce (Hutchinson, £5.99), in which a group of illiterate pirates kidnap 23 babies. Even the promised wheelbarrow of gold ransom fails to compensate for the ghastly business of mass feeding and nappy changing.

This is a magical story tempered by scatological humour that should appeal to every three- to five-year-old. More seafaring material can be found in Flora McDonnell's *I Love Boats* (Walker Books, £3.99), an exuberantly illustrated, simple tale of different types of craft - houseboats, dredgers, ferries and ocean-going liners.

The Bed and Breakfast House by Tony Barton (Dorling Kindersley, £3.99) is about a hotel with a spooky secret. On a rainy seaside holiday two little boys are determined to find the truth about a hidden room in a hotel which is an expanding delight of endless corridors and interconnecting rooms. The charm of the book lies in the wonderfully eccentric illustrations by Mark Robertson which are full of exotic detail and odd angles.

Shouting Sharon by David Pace (Frances Lincoln, £5.99) is a riotous counting story in which an obnoxious little girl roars "WAKE UP!" at two sleeping bears, "CHOCOLATE!" at four dieting ladies and so on. Huge entertainment for three-year-olds and no peace at all for anyone else.

It was a relief to turn to *The Runaway Train* by Benedict Blathwayt (Julia MacRae, £3.99) in which marvellously detailed illustrations of railway stations, industrial towns, canals and country villages combine with a well-written and entertaining text to tell the story of Duffy the Driver who gets left behind by his train.

An irresistible, if extravagant, book-in-a-box for babies is *Dom Mansell's Baby Dinosaur Board Books* (David Bennett Books, £11.99), which has a cheerful-looking stegosaurus, incorporating six small board books, correlated in a cardboard cage.

Bridging the gap between being read to and starting to read alone, *Dr Xargle's Book of Earth Relations* by Jeanne Willis and Tony Ross (Red Fox, £4.50) is a hilarious guide to Earthlings and their habits. Small Earthlings are "smelly, sticky and dangerous. Never look in their pockets," born at the same time as Tyranno-



"P" is for Pig - Christopher Wormell's uncompromising farm animal is included in a new miniature edition of his successful *Alphabet of Animals* (Penguin Press £3.50, 60 pages). As well as more familiar domestic and wild creatures, Wormell's handsome line-art block prints also depict the narwhal whale, the iguana and the quetzal and xenops birds.

Our Hero to the rescue

saurus Rex... are made from soft, crumpled material... and their most popular game is called 'Where did I put my glasses?'"

Aimed at a slightly older age group, Walker Books' *Rethinking the Classics* series reaches something of an apothecary with Marcia Williams' *Adventures of Robin Hood* (£8.99), a marvelously illustrated, simple tale of different types of craft - houseboats, dredgers, ferries and ocean-going liners.

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Romance magazine, but some gems do shine through. *The Stone Menagerie* (Mazmoth, £5.99), reissued next month, is a tragicomic story of a boy's fraught relationship with the adults in his life by the consistently excellent Anne Fine, author of *Madam Doubtfire* and *Flour Babies*.

Please Come Home by Michael Hardcastle (Faber, £3.99) explores the emotional effect on children of broken homes and extended families. When her mother disappears, Rachel sets off to find her, arriving in London where she is taken under the wing of a homeless teenager. This is a no-nonsense, well-written book, delving into several emotional teenage byways, not least the startling realisation that parents can have independent lives, too.

The screenwriter Robert Bolt, who died this week, had written his first book for children. *The Thawing of*

Baron Bolligrew (Cape, £2.99), is an excellent medieval adventure story in which a dumpy, middle-aged knight slays a dragon or two and in doing so discovers he "had a tiny sense of humour".

The bestselling status of *Sophie's World* by Jostein Gaarder, the book that purported to explain philosophy to small children, seems to have availed Russell Stannard's *Uncle Albert* series. But these stories of a famous scientist, his mysterious thought bubble and a host of scientific theories served up for 10- to 12-year-olds, is more accessible and entertaining than their glossier relative.

The latest in the series is *Uncle Albert and the Quantum Quest* (Faber, £3.99) in which Albert's niece, Gedanken, disappears into an *Alice in Wonderland* world of jumping quarks and electrons, white rabbits, Red Queens

and a nuclear raspberry tart, in an effort to understand the notions of light and matter.

Also wrestling with the complexities of life, Ted Hughes' witty deity is back in his celestial workshop engaged on the first job creation scheme. *The Dreamfighter and Other Creation Tales* (Faber, £10.99) is a marvellously ironic collection of stories in which God, poised on a knife edge between triumph and disaster, breathes life into his clay creations: "Camel was a mistake. He was simply made wrong... God did try to remake Camel... He tried the first set - great, spreading foolish feet that they were. Camel's hump seemed badly wrong. But when God took it off, Camel fell on his nose. So he had to put that back too..." Five of these tales will be screened on BBC's *Jackanory* from next Monday.

The National Curriculum requires music to be taught to children in a way that necessitates a specialist music teacher. But most junior schools are lucky to have a teacher who can play the piano.

There is less provision for the arts in children's time-tables, and in most counties, schemes for free or cut-rate instrumental teaching are a thing of the past. It is left to the struggling junior classroom teacher to impart knowledge of our musical heritage, and the joy to be gained from practical music-making.

The Music Pack is, therefore, especially welcome as a useful aid to anyone wanting to bring the subject of music to life for children.

A 3-D tour of note

Jane Browne on a refreshing look at music history for children

the early development of sounds into music, notation, the orchestra, world music and music in the 20th century. There is an accompanying compact disc with examples of classical masterpieces chosen to illustrate the different periods of musical history.

Each page contains levers to pull, images that pop up, and pull-outs to investigate or even play. The emphasis is on fun, as well as education. The text covers basic

information about music with clarity, although I suspect most young children browsing through the pack would not read much of it unassisted.

Ideally it needs to be looked at with an adult to help with the explanation, and it would be useful to teachers of junior or lower senior school pupils. Most of the pull-outs and pop-ups would probably have a limited life-span without adult supervision.

The choice of music on the CD is good, although I was disappointed to find no examples of dance music, jazz or electronic music, which are referred to in the book.

The overall approach is, however, refreshing. I showed the pack to a number of children, some of whom were experienced instrumentalists and some with little musical knowledge and they all responded with great enthusiasm.

ARTS

Paris opera hits high note amid discord

Quality may be variable, but Andrew Clark finds an abundance of productions, money, and ideas

Once in a long while, when offstage politics are set aside, Paris can still claim to be the world's operatic capital. Take the past two weeks. The Bastille had two international shows - Donizetti's *Lucia di Lammermoor* with June Anderson and Roberto Alagna, and Berlioz's *La Damnation de Faust* staged by Luca Ronconi. The Châtelet unveiled the new William Christie-Graham Vick production of Purcell's *King Arthur*, while the Opéra-Comique continued to explore its rich heritage with Delibes' *Lakmé*. Andrei Serban directed an exuberant student production of Prokofiev's *The Love for Three Oranges* at the new home of the Paris Conservatoire.

The Parisians are spoilt for choice. The quality may be variable, but there is an abundance of money, ideas, venues and audiences. *King Arthur* was the one which the Parisians wanted to see - a tribute to the reputation Christie has built over 10 years with his period ensemble Les Arts Florissants. It also says something about the quality of Vick's staging that, night after night, packed houses were enthralled by three and a half hours of often slow-moving English speech and song.

For late 20th century audiences, accustomed to having their music, dance and spoken theatre served up on separate plates, *King Arthur* is a curious hybrid. Purcell's music adds up to little more than a series of tableaux within John Dryden's play. The opera public has traditionally been content to hear the dialogue in truncated form; the drama public can live without the singing. The challenge facing a modern production team is to harmonise these different tastes, to let words and music cohabit. The effect problem is how far to match on stage the period style of performance in the pit.

Christie has made clear he sees little point in trying to reproduce baroque conventions on stage. He prefers directors who show respect for the music but extract a powerful modern resonance. His collaboration with Vick entirely vindicates this rationale. The aesthetic chosen by Vick and his designer, Paul Brown, is not dissimilar to their Royal Opera *Mitridate*: a simple, manoeuvrable set, a vibrant array of blues, reds, greens and yellows, an extravagant style of costuming, and a wealth of visuals, from oriental barbarism to American Surrealism, from medieval pageantry to a post-modernist brew.

This is topped off with an exaggerated style of Shakespearean declamation, giving the ritual exchanges a whiff of *Life of Brian*. Whenever music or dialogue is in danger of flagging, Vick does something to rekindle interest. There are flying machines (though nothing as fancy or noisy as their baroque counterparts), a track-suit Venus, a picture-book evocation of the Channel tunnel and some joke-

patriotic references to the "Fairest Isle", all garlanded with Ron Brown's sensuous choreography. The heroic and the farcical live side-by-side - yet the wisdom of Dryden's verse, especially on the nature of love, is never smothered. And the stage is always alive, even in moments of stillness.

Nevertheless, with a first half lasting more than two hours, this is a long evening. A few judicious cuts would not go amiss before the production reaches Covent Garden for three performances in May. Much of the singing is distinguished - particularly from the soprano Véronique Gens and Claron McFadden - but the lower male voices are too small. The actors, led by Howard Ward's rampart Arthur, Paul Webster's indefatigable Conon, Bernard Horsfall's gently patriarchal Merlin and Samantha Coomes' virtuous Emmeline, are keenly aware of the music of language, delivering the text with carefully-weighted feeling. In the pit, Christie aligns on the music's grandeur and magical beauty, drawing a sumptuous sound from a 35-strong orchestra. The result is a triumphant spectacle. The Purcell year can expect nothing better.

The Châtelet's Anglophile season continues with *Peter Grimes*, a Charles Mackerras-Nicholas Hynes production of *The Cunning Little Vixen* and some high-profile concerts by the Philharmonia Orchestra. For native repertoire, Parisians must turn to the Opéra-Comique. After an uncertain period in the 1980s and early 1990s, this homely theatre has come into its own again, and it is hard to believe that anyone would want to close it. This season's highlights are *Lakmé* and Gounod's *Mireille*, both of which are shared with a number of provincial theatres.

With its oriental colour and expressive melodies, *Lakmé* is pure period charm. French audiences love it, because it defies updating and gives an attractive platform to an agile soprano and lyric tenor. The title role in Paris was taken alternately by a rising local star, Natalie Dessay, and Elisabeth Vidal. I heard Vidal, and was not disappointed. She has a pleasing stage presence and points the vocal line graciously. The famous Bell Song had its desired effect, although the tone was a little dry and colourless.

But the real discovery was Marcus Jérôme (formerly Haddock), as Gerald. This young American has garnered good notices over the past year, but he needed the right part to flower properly. He spoke the dialogue like a native, showed an easy mastery of the high-flying phrases, and gained in stamina and allure as the evening progressed. And he is good-looking. All of which bodes well for his Don José whenever he feels ready for the part. Jean-Philippe Courtis was the imposing Nilakantha. Gilbert Blin's production, conducted without undue sentiment by Frédéric Chaslin, was tidy and pictorial.



Mounted in triumph le tout Paris wants to see 'King Arthur', with Howard Ward in the title rôle, at Châtelet

For *The Love for Three Oranges* (sung in the original French), you had to travel to La Villette on the north-eastern fringe of Paris, where the Conservatoire forms part of the newly-integrated Cité de la Musique. This is a monumental complex, conceived on the visionary scale only the French seem to be able to afford. The Conservatoire appears to be thriving in its new home.

The students had clearly enjoyed working with Serban: the staging was loud, entertaining, full of high jinks and extremely polished. But the experience

will have taught them more about modern production methods than about Prokofiev. Serban and his co-producer Niky Wolcz turned the opera into a Communist fairy-tale, complete with red flag, Kremlin conspiracies and Karl Marx. The principal characters were an ageing Stalin (the King) and the baby-faced cream of Soviet youth (Prince and Princess), pitted against the evil Stars and Stripes (Fata Morgana).

Never mind the false assumptions about Prokofiev's relationship with Soviet Russia; never mind that this sort of inverted nostalgia for communist dictatorship

seems sick and tasteless. A large cast, chorus and orchestra, conducted by Scott Sandmeier, exulted in the music's demonic march. There were some good voices, and their joyous conviction carried the day.

I did not see Serban's staging of *Lucio* at the Bastille, but by all accounts it was as bizarre as the Prokofiev and not nearly so well received. The consensus among Parisian critics was that in spite of some excellent singing, the Bastille had served itself one more unrelivable production. Roll on September, when Hugues Gall promises to give some direction to this drifting hulk.

Supreme if you belt out Baby Love

Now don't get too excited: remember the small print. And there it is. "The Sounds of..." just above the banner title and the photo of the three glamorous ladies peering out from under giant wigs.

The ownership of pop brand names has kept lawyers' bank accounts buoyant for many years, and Motown, the creator of the sound, quickly laid claim and secured the rights to the Supremes, the most successful of the girl groups of the 1960s. So when one of the early participants, Mary Wilson, set up on her own with two new girls, injunctions flew. Now there are competing groups touring the world, each with tenuous claims to the Supreme title, but all covering themselves in small print.

The trio at the Café Royal Green Room until March 11 has one respectable link to the originals. Kaaren Ragland was in Mary Wilson's revived Supremes of the late 1970s. Another member, Hollis Payseur, belonged to a cadet branch in the 1980s. Making up the trio, Angel Rogers thankfully makes no claim to the blood royal.

To a great extent, if you wear a glossy purple sheath dress, move your hands a lot over your body, and belt out "Baby Love", "Stop in the Name of Love" and so many disco hits of a generation ago, you are a Supreme.

These "Supremes" had a tricky start in what is for them a tiny venue: one looked sour, one seemed spaced out, and one had spread. But gradually their personalities came strongly across, and resemblances to the originals - who were so schooled and programmed by Motown that they were little more than marionettes - faded. Here were three feisty ladies earning their bread quite professionally.

The voices are much more individualistic than the originals, and there is no attempt to imitate Diana Ross's breathless cool or the soulful elegance of the past. This was a workmanlike interpretation, particularly pleasing in the lesser known songs and the up tempo numbers, which gradually got the audience involved.

Perhaps the band could have been more exciting; perhaps the performance could have been more stimulating. But there was something human in the glimpse of underclothing escaping from the costumes; in the lack of sophistication as the girls smiled at each other in glee when it all worked, and looked cross if there was a mishap in the backing.

In the Green Room a tradition is being maintained. No doubt as the 21st century ends distant descendants of Kaaren, Hollis and Angel will be going through the same hand five motions, the hammed emotions.

Like all good art forms, pop both treasures its originals but imperceptibly modernises them. In the smartened up Green Room this was an acceptable form of time travel.

Antony Thorncroft

Theatre/Alastair Macaulay

Molière coated with a crust of contrivance

To metropolitan Londoners, English Touring Theatre is best known as the company that brought Alan Cumming's startlingly humorous and vivid Hamlet to the Donmar Warehouse in 1988. The company, in fact, had been formed that year and *Hamlet* was its second production. Since then, it has managed to stage new productions of at least three plays per annum (five in 1994), ranging from Shakespeare (three so far) to Pinter, and to tour each of them for several months.

The company's base is in Crewe. I went to the Lyceum Theatre there last week to see the first night of its latest production. The theatre is a 1911 beauty, with two balconies charmingly decorated with stucco figures, and everything handsomely refurbished.

The new production is of Molière's *The School for Wives*, with a new translation by Kenneth McLeish. It feels right now as if McLeish has suddenly started to corner the market for new play translations. He renders supple, fresh English versions of plays origi-

nally in French (Molière, Feydeau, Labiche), Norwegian (Holberg, Ibsen), Latin (Terence and Plautus), and Greek (Aeschylus, Sophocles, Euripides, and Aristophanes). He accompanies *The School for Wives* with an amusing programme note in which he parodies the artificial and self-conscious rhyming pentameters of many English Molière translations.

Kenneth McLeish's fine translation is ruined by over-acting

tions, and explains why he thinks more variable line-lengths and less incessant rhyming enables an English translation to catch Molière's simple comic fluency with more truth.

The result is a nice compromise between Ranjit-Bolt-style artful rhyming (as in the 1991 Peter Hall *Tartuffe*) and Christopher Hampton's more transparent rhymeless blank verse (as in the 1984 RSC *Tartuffe*). Certainly, the presence of some rhyme does lend an emphasis to the end of a line, helping to echo Molière's rhythm (if not his metre), and McLeish's version blends formal elegance and easy urbanity. When he errs, it is on the rhyme-heavy side. "How can I

risk it? It takes the biscuit." Is this better than the unobtrusive rhymes of the Richard Wilbur translation, used last year at the Almeida? Not to my ear; but my heart can find room for both.

The ETT staging, with its sweet period doll's house set by Jackie Brooks, greatly entertained the Crewe audience. For me, it was a slow and tepid affair, sunk by the appallingly overacted central performance of David Gant. As Arnolphe, the ill-advised cynic who is so determined to become the one uncuckolded husband in town, to an avail - Gant adopts ponderous artifice of posture (bent knees), of gesture (lavish), of scuttling about the stage (pointlessly), of vocal tone (exaggerated legato), of verse delivery (savourily zooming past one rhyme only to clatter you with the next). He has an especially irritating trick of pausing before the final word of a line: "Tell me" (wait for it) "more". The stupidest was "I Won't Be..." (suspense) "Long"; you want to cry out, pantomime-fashion, "Oh Yes You Will."

In another production, some of the other performances - such as Faith Flint as Agnès, the simple girl he means to marry - might have stood a chance. Not so in this case. Stephen Unwin, who is ETT's artistic director, has staged this version so that self-advertising acting alone makes much much impression. Gant is not the only sinner here, but he sets the tone. He works so hard that the audience applauds his sheer industry - he is acting his legs off, and all for us - and he coats Molière's play with the thick crust of contrivance that poor McLeish's translation has worked so hard to remove.

On tour until April.

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War-torn urban novel wins prize

Laura Silber talks to Serbian writer Vladimir Arsenijevic



Arsenijevic: 'I wrote a family story and set it in the present - wartime. So it turned into a nightmare'

In a land where the young and talented are told to wait their turn, Vladimir Arsenijevic is the exception. He is the youngest writer ever to receive Yugoslavia's most prestigious literary prize. His extraordinary debut novel, *In the Hold*, chronicles his lost generation, and has won the award of the Belgrade weekly journal *Nin*.

Unshaven and wearing wire-rimmed glasses, the 29-year-old writer expresses surprise that he has been described as the post-modern spokesman for urban Belgrade. "I didn't intend to be identified this way. I wanted to tell a family story. I set it in the present - wartime - the time in which I happen to live. So my family tale turned into a nightmare." Convinced he had no chance to win the literary prize, Arsenijevic was astonished when chosen over several far more celebrated authors. The jury compared his novel to Albert Camus' *L'Étranger*. *In the Hold* is remarkable for its lack of self-pity, and matter-of-fact depiction of the hopelessness of life in monochromatic Belgrade.

Despite the bleak scenario, it is not a *cri de cœur*. In fact the subtitle is "A Soap Opera". His "family story" is about a man and wife who, when war erupts, are expecting their first child. The conflict itself is peripheral yet it tears apart their lives. In Serbia, where opposition to the war has been tantamount to treason, the book is anti-war without mentioning details of the conflict. "After all nobody likes war," he says.

Arsenijevic captures the atmosphere of emptiness following the exodus of thousands of people from Belgrade. His protagonists, waiting for the birth of their son, cannot escape. But most of their friends have left, rather than face a dark future in Serbia. "The telephone had stopped ringing. Before you could not get a moment's peace."

The book's title refers to the "hold" below deck, where in the event of a ship capsizing, passengers can remain alive for lengthy periods but have little long-term chance of survival. Arsenijevic's anguished,

yet at times amusing, story describes mobilisation in Serbia in 1991, when tens of thousands of Serbs were sent to the front in an undeclared war against Croatia. While many hid to avoid mobilisation, one of the characters in the novel was so despondent when rejected by the army that he tried to join a Serbian paramilitary unit, only to be rejected again. Finally he swore he would fight for the

other side in Croatia because they paid better.

The novel's main characters are part of urban sub-culture and Arsenijevic's craft lies in making these anti-heroes universal. "People stop me on the street and say, 'My brother was there', 'my son lives on the other side in Zagreb, you can imagine how he feels', or 'he went to the front'. They are ordinary people who identify with the characters. Maybe

they see their sons or daughters."

The older generation, believes Arsenijevic, has had an easier time adjusting to the violent disintegration of Yugoslavia. "The parents had fewer problems. They could relate to what was happening. They could get used to anything. We couldn't. From the earliest age we travelled abroad, listened to music, watched movies, followed fashion and cultural

trends. We see our generation as permanently disfigured by what happened."

Arsenijevic himself is an unlikely hero in stark contrast to the gaudy stars of Serbia's popular culture. A former punk musician, he is well-read, but received no higher education. Under the communist system, Arsenijevic was forced to specialise so he chose "cook-technician", because it gave him more time for his band. At one point he came to Britain and did a stint as a chef in an Earl's Court restaurant.

Now, just weeks after the *Nin* prize, *In the Hold* has won notice outside Yugoslavia and is due to be published this year in France and Sweden. Its young author is a survivor of a modern Belgrade which all but disappeared with the collapse of Yugoslavia. "Add a sudden we were surrounded with very nice red stars and hammer, and retro nationalist and monarchist imagery. It is even stupider than communist imagery, which at least is clean-cut with very nice red stars and hammers," he says in reference to the rise of nationalist symbols in Serbia.

He worries about the future. "I look around and I see ugly faces, people with aggressive dogs, muscles and guns. When you're a teenager you tend to follow the pack. I know the feeling. When I was 14 I used to get beaten up all the time as a punk rocker. But they did it with sticks - I wonder what they do now? They probably shoot you."

His novel also captures the apathy gripping Serbia. "A few years ago, everybody thought if the people on top were removed, everything would be transformed. Ask them now, they would say that it would make no difference."

He describes President Slobodan Milosevic of Serbia as The Great Experimenter: "he tries something new all the time in his laboratory. From the rat's perspective every new day brings another horror." But Serbia's literary tyro is philosophical. "After all, history books describe the 12th century in Europe as the Dark Ages. People were slaying each other. But somebody must have had a picnic."

ST. JOSEPH'S HOSPICE
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Charity No. 267201

So many arrive as strangers, weary of pain and fearful of the unknown. They gladly stay as friends, secure in the embracing warmth, fortified and cherished to the end with the help of your graceful gifts. I thank you kindly on their behalf.
Sister Superior

INTERNATIONAL ARTS GUIDE

What's on in the principal cities

AMSTERDAM

GALLERIES
Rijksmuseum Tel: (020) 673 21 21
 ● Art of Devotion 1300-1500: winter exhibition focusing on the spiritual function of objects in the medieval period; to Feb 26 (Not Sun)
 ● UKYO-E: the finest Japanese prints; to May 28
Stedelijk Tel: (020) 5732 911
 Alfa Romeo: The Essence of Beauty: exhibition marking the development and design of Alfa Romeo cars from the early part of this century to the most recent models; to Apr 2

BARCELONA

GALLERIES
Fundacio Joan Miro Tel: (93) 329 19 08
 Julian Schnabel: works by the American artist including 30 large format paintings and four monumental sculptures displayed outside the building; to May 14

BERLIN

GALLERIES
Deutsches Historische Tel: (030) 215 020
 ● Art from the GDR 1949-1990: exhibition that looks at politically commissioned art in the old German Democratic Republic; to Apr 18
 ● Pictures and References to German History: exhibition with more than 2,000 paintings, coins, materials and other artefacts that document the history of Germany; to Dec 1 (Not Sun)
Kunstgewerbemuseum
 Contrasts in 20th Century German Design; to Dec 1
Neue Nationalgalerie Tel: (030) 2662653
 George Grosz, Berlin-New York: exhibition of the German Dadaist who emigrated to the US; to Apr 17
OPERA/BALLET
Deutsche Oper Tel: (030) 3 41 92 49
 ● Die Meistersinger von Nürnberg: by Wagner. Conducted by Rafael Frühbeck de Burgos, production by Götz Friedrich; 5pm; Feb 26
 ● Ein Maskenball: by Verdi. Conducted by Rafael Frühbeck de Burgos/Sebastian Lang-Lessing, produced by Götz Friedrich; 7.30pm; Feb 25 (6pm)
 ● Les Intermittences du Coeur: ballet in two parts by Saint-Saëns. Choreographer, Roland Petit; 7.30pm; Mar 2
Theater des Westens Tel: (030) 31 90 31 93
 Street Scene: by Kurt Weill. In English with soloists Janice Felty and Dean Anthony, conducted by James Holme; 7.30pm;

BOLOGNA

OPERA/BALLET
Teatro Comunale Tel: (051) 529999
 Carmen: by Bizet. A new production directed by Federico Tiezzi and conducted by Garcia Navaro. Soloists include Elena Zambra as Carmen and Maria Bayo as Micaela; 8.30pm; Mar 3

BONN

GALLERIES
Kunst- und Ausstellungshalle Tel: (0228) 9171 236
 Under the Volcano: Antiquities Masterpieces: second in the "Great Collections Series"; this exhibition represents a modern "excavation" from among the 200,000 works of the Museo Archeologico Nazionale di Napoli that includes statues, frescoes and ceramics; to Jun 5 (Not Mon)

BRUSSELS

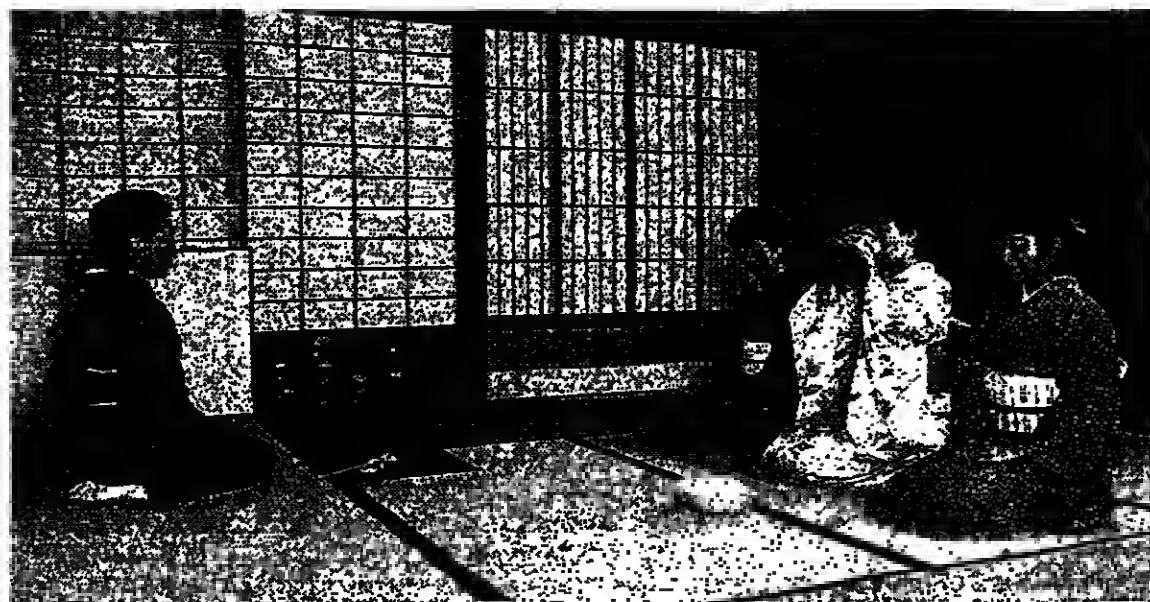
OPERA/BALLET
De Munt/La Monnaie Tel: (02) 218 22 11
 ● Il Trionfo Dell'Onore: by Scarlatti. Conducted by Patrick Davin and produced by Joël Lauwers; 8pm; to Mar 2 (Not Mon)
 ● Il Trittico: by Puccini. A new production directed by Stein Winge, conducted by Antonio Pappano; 7pm; Feb 26 (6pm)

COLOGNE

CONCERTS
Walhall-Richtartz Tel: (221) 221 2379
 Maurice Denks: exhibition of works by the French painter associated with the Nabis group; to Apr 2
OPERA/BALLET
Oper der Stadt Tel: (221) 221 8400
 The Turn of the Screw: music by Benjamin Britten. Conducted by Stuart Bedford, produced by Michael Hampel. In English with German surtitles; 7.30pm; Mar 1

LONDON

CONCERTS
Barbican Tel: (0171) 638 8891
 ● Britain at its Best: Yehudi Menuhin conducts the Royal Philharmonic Orchestra to play Elgar, Britten and Vaughan Williams; 7.30pm; Mar 3
 ● Haydn in London: Raymond Leppard conducts the English Chamber Orchestra to play Haydn, Mozart and Vivaldi in a concert that marks the 200th anniversary of the composer's visit to London; 7.30pm; Feb 28
 ● Pierre Boulez 70th Birthday



Japan, Teatime and Tranquility: The Japanese Tea Ceremony, at the Musée Camus, Paris

Celebration: Boulez conducts the London Symphony Orchestra with violinist Kyung-Wha Chung to play Ravel, Bartók and his own 'Figures, Doubles, Prisms'; 7.30pm; Mar 2
 ● Tippett: Visions of Paradise: Sir Colin Davis conducts the London Symphony Orchestra with mezzo-soprano Maria Popescu and tenor Laurence Dale to play Tippett's 'The Mask of Time'; 7.30pm; Feb 26
 ● Festival Hall Tel: (0171) 928 8800
 ● City of Birmingham Symphony Orchestra: with pianist Paul Crossley and the Ladies of the CBSO Chorus. Sir Simon Rattle conducts Stravinsky, Messiaen and Bartók; 7.30pm; Feb 26
 ● City of Birmingham Symphony Orchestra: with soprano Faye Robinson and Cynthia Clarey and tenor Philip Langridge. Sir Simon Rattle conducts Pavel Haas, Schoenberg and Tippett; 7.30pm; Mar 3
 ● Philharmonia Orchestra: Christoph von Dohnányi conducts Brahms' symphony No. 3 and No. 1; 7.30pm; Feb 27
 ● Pinchas Zukerman: Philip Ledger conducts violinist, Zuckerman and the English Chamber Orchestra to play Bruch and Beethoven; 3.15pm; Feb 26
 ● The London Philharmonic: Zubin Mehta conducts Wagner and Weber; 7.30pm; Feb 26
 ● The London Philharmonic: Franz Welser-Möst conducts Mozart, Bartók and Tchaikovsky; 7.30pm; Mar 2
 ● Queen Elizabeth Hall Tel: (0171) 528 8800
 ● Caria Bley, Andy Sheppard and Steve Swallow-Tritts: with poet and harmonium virtuoso Ivor Cutler. A mixture of chamber jazz and poetry; 7.45pm; Mar 3
 ● Piano Concerto Festival: German Romantic: David Josefowitz conducts the London Soloists Chamber Orchestra to play Mendelssohn, Brahms, Schumann and Schubert; 7.30pm; Feb 26

THEATRE

Albany Tel: (0171) 876 1115
 As You Like It: by Shakespeare. Declan Donnell directs an all male cast that includes Adrian Lester and Richard Cant; 7.30pm; to Feb 2 (Not Sun)
Aldwych Tel: (0171) 836 6404
 Indian Ink by Tom Stoppard. With Felicity Kendal, Margaret Tyacke and Art Malik; from Feb 27 (Not Sun)
Barbican Tel: (0171) 638 8891
 New England: Richard Nelson's new play; 7.15pm; Mar 1, 2
Geigud Tel: (0171) 494 5065
 Design for Living: by Noel Coward and directed by Sean Mathias; 8pm; (Not Sun)
Greenwich Tel: (0181) 858 7755
 The Duchess of Malfi: by John Webster, directed by Philip Franks. With Juliet Stevenson and Simon Russell Beale; 7.45pm; (Not Sun)
National, Cottesloe Tel: (0171) 928 2252
 ● Alice's Adventures Under Ground: adapted from the writings of Lewis Carroll by Christopher Hampton. A look into the darker side of a man known by millions as a storyteller for children; 7.30pm; Feb 25 (2.30pm); 27, 28
 ● Dealer's Choice: written and directed by Patrick Marber, six men stay up late to play poker, and win at all costs; 7.30pm; Mar 1, 2 (2.30pm); 3
National, Lyttelton Tel: (0171) 928 2252
 What the Butler Saw: by Joe Orton. Directed by Phyllida Lloyd, with John Alderton as Dr Prentice, and Richard Wilson as Dr Rance; 7.30pm; Mar 2 (7pm); 3
National, Olivier Tel: (0171) 928 2252
 ● The Merry Wives of Windsor: by Shakespeare. Terry Hands directs his first production at the National. With Denis Quillan as Falstaff, Brenda Bruce as Mistress Quickly and Geraldine Fitzgerald as Mistress Ford; 7.15pm; Feb 28; Mar 1, 2 (2pm); 3
 ● The Wind in the Willows: Edward Kemp's recreation of Nicholas Hynner's original production by Alan Bennett, adapted from the novel by Kenneth Grahame; 7.15pm; Feb 25 (2pm)
Shaftesbury Theatre Tel: (0171) 379 5399
 The Three Lives of Lucie Cabrot: adapted from John Berger by Mark Wheatley and Simon McMurray, who also directs. The Theatre de Complicité presents this violent love story; 7.30pm; to Feb 25 (Not Sun)

GALLERIES

Barbican Tel: (0171) 638 8891
 Impressionism in Britain: the first comprehensive survey of the development of Impressionism in Britain. Over 200 works by over 100 artists including Degas, Rothstein and Whistler; to May 7
British Museum Tel: (0171) 636 1555
 Byzantium: treasures of Byzantine art and culture from British collections; to Apr 23 (Not Sun)
 ● Festival Hall Tel: (0171) 928 8800
 After Auschwitz: exhibition of paintings, sculpture and photography produced by 21 contemporary artists in response to the Holocaust; from Feb 26 to Apr 17
 ● Hayward Tel: (0171) 281 0127
 Yves Klein: over 110 works conveying the full range of his output from paintings and sculpture to installations, events, architectural schemes to stage and film scenarios; to Apr 23
National Gallery Tel: (0171) 839 3321
 Spanish Still Life: from Velázquez to Goya. Exhibition of 16th-17th century Spanish paintings by artists such as Caravaggio and Zurbarán; to May 21
Royal Academy Tel: (0171) 439 7438
 Poussin: over 90 works by the French artist. Centrepiece of the exhibition are the two series of the 'Seven Sacraments'; to Apr 9
 ● Serpentine Tel: (0171) 402 0343
 Man Ray: exhibition of works by the celebrated artist; to Mar 12
 ● Tate Tel: (0171) 887 8000
 Willem de Kooning: a major exhibition featuring over 70 paintings drawn from private and public collections worldwide; to May 7
 ● Victoria and Albert Tel: (0171) 938 8500
 Warworks: women photography and the art of war. A perspective of war through the eyes of international women artists; to Mar 19

OPERA/BALLET

English National Opera Tel: (0171) 632 8300
 ● Madame Butterfly: Puccini's opera, originally directed by Graham Vick; 7.30pm; Feb 28; Mar 3
 ● Rigolotto: Jonathan Miller's updated version of Verdi's opera where the duke is a mafia boss; 7.30pm; Mar 1
 ● The Cunning Little Vixen: by Leoš Janáček. Original director, David Pountney; 7.30pm; Mar 2
Royal Opera House Tel: (0171) 340 4000
 ● Der Rosenkavalier: by Strauss. Conducted by Andrew Davis, directed by John Schlesinger. Soloists include Felicity Lott/Anna Tomowa-Sintow as Prinzess von Werandberg; 8.30pm; Mar 1, 3
 ● Giselle: music by Adolphe Adam. A Royal Ballet production choreographed by Marius Petipa after Jean Coralli and Jules Perrot and produced by Peter Wright; 7.30pm;

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Feb 25 (1pm)
 ● La Bohème: by Puccini. Conducted by Simone Young/Paul Wynne Griffiths, directed by John Copley. Soloists include Angela Gheorghiu/Amanda Thana as Mimì and Maria McLaughlin/Judith Howarth as Musetta; 7.30pm; Feb 28; Mar 2

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 ● Pierre Boulez 70th Birthday

Staatsballet production with choreography by John Cranko and conductor by André Prester; 7.30pm; Feb 26

NEW YORK

CONCERTS
Alice Tully Hall Tel: (212) 875 5020
 The Concordia Orchestra: country meets the classical. Concert featuring the New York premiere of virtuoso fiddler Mark O'Connor's fiddle concerto for violin and orchestra; 8pm; Mar 2
Avery Fisher Tel: (212) 875 5030
 New York Philharmonic with conductor Dmitri Hvorostovsky and conductor Valery Gergiev plays an all Russian programme of Mussorgsky and Rimski-Korsakov; 8pm; Mar 2, 3

GALLERIES

Guggenheim Tel: (212) 423 3652
 Felix Gonzalez-Torres: a survey of the contemporary artist's multi-media art form; from Mar 3 to May 10
 ● Ross Bleckner: mid-career retrospective of the American artist consisting of approximately 75 paintings and works on paper; to May 14
Guggenheim Soho Tel: (212) 423 3652
 Antoni Tàpies: 55 leading Spanish artist's most important works dating from 1946 to 1991; to Apr 23
Metropolitan
 ● Early Renaissance Florence: 100 panel paintings and manuscript illuminations by masters of the Gothic style; to Feb 28 (Not Mon)
 ● The Kluge of New Britain: Photographs by Philip Dark: reveals the art, performance and daily life of the Kluge people from the North West coast of New Britain, east of New Guinea; to Jul 28
 ● Thomas Eakins: exhibition honoring the 150th anniversary of the birth of the artist. This installation of about 30 works from the museums holdings explores the museums continuing interest in Eakins; to Feb 28
Museum of Modern Art Tel: (212) 708 8400
 Kandinsky: Compositions: exhibition featuring approximately forty works including seven of the surviving 'Composition' paintings; to Apr 25
Whitney Museum
 Franz Kline: Black and White 1950-61: major Abstract Expressionist works from the last decade of the artist's life; to Mar 12

OPERA/BALLET

Metropolitan Tel: (212) 362 6000
 ● Der Rosenkavalier: by Strauss. Produced by Nathaniel Merrill, conducted by James Levine; 7.30pm; Mar 1
 ● La Traviata: by Verdi. Produced by Franco Zeffirelli, conducted by John Fiori; Feb 25 (1.30pm); Mar 2
 ● Simon Boccanegra: by Verdi. A new production directed by Giancarlo del Monaco; 8pm; Feb 25, 28; Mar 3
 ● Turandot: by Puccini. Produced by Franco Zeffirelli, conducted by Nello Santì; 8pm; Feb 27
THEATRE
 ● 47th Street Tel: (212) 307 4100
 Jelly Roll adapted by Vernel Bagneris who also stars in this look at the musical life of Jelly Roll Morton; 8pm; from Feb 25 (Not Sun)
 ● Circle in the Square Tel: (212) 239 6200
 Uncle Vanya: by Chekhov. Cast includes Tom Courtenay, Amanda Donohoe and James Fox; 8pm
 ● Jean Cocteau Repertory Tel: (212) 677 0060
 The Cherry Orchard: by Chekhov. A new production directed by Eve Adamson; 8pm; to Mar 3
 ● Joseph Papp Public Theatre Tel: (212) 598 7150
 The Merchant of Venice: by Shakespeare. Directed by Barry Edelstein, and with Ron Leibman playing Shylock; 8pm; (Not Mon)
 ● Roundabout Theatre Company Tel: (212) 869 8400
 The School for Husband: The Imaginary Cuckold: by Molière. Michael Langham directs Richard Wilbur's translation and stars Brian Bedford; 8pm; to Mar 12 (Not Mon)
 ● Variety Arts Tel: (212) 239 6200
 Death Defying Acts: three one act plays by Woody Allen, David Mamet and Elaine May. Directed by Michael Blankenheim and with Linda Lavin, Debra Monk and Paul Giamatti; 8pm; from Mar 6 (Not Mon)

WASHINGTON

CONCERTS

Kennedy Centre Tel: (202) 487 4500
 ● James Galway: flutist with harpsichordist Phillip Moll plays Bach and Handel; 5pm; Feb 25
 ● Kodo Drummers of Japan: thunderous Japanese percussion company; 7pm; Feb 27
 ● National Symphony Orchestra: with cellist Carter Bray. Hugh Wolff conducts Mozart, Bartók and Dvořák; 7.30pm; Mar 2, 3
GALLERIES
National Gallery Tel: (202) 737 4215
 Italian Renaissance Architecture: Brunelleschi, Sangallo, Michelangelo, the Cathedral of Florence, Pavia and St. Peter's; to Mar 19
OPERA/BALLET
Kennedy Centre Tel: (202) 487 4500
 ● Hanel and Gretel: by Humperdinck/Rick McCullough. A production by the Washington Ballet; 7.30pm; Feb 25 (2pm); 26 (2pm)
 ● Menon: by Massenet/MacMillan. An American Ballet Theatre production; 8pm; Feb 28; Mar 1, 2
THEATRE
 ● Arena Stage/Kreger Theatre Tel: (202) 554 9086
 Hedda Gabler: Henrik Ibsen's drama, directed by Liviu Ciulei and translated by Christopher Hampton; 7.30pm; to Mar 19 (Not Mon)
 ● Folger Theatre Tel: (202) 544 7077
 Private Lives: by Noel Coward. A Folger Shakespeare Library and Interact Theatre Company production. Pat Carroll directs this comedy of many mixups; 7.30pm; to Mar 12 (Not Mon)
 ● Ford's Theatre Tel: (202) 347 4883
 A Raisin in the Sun: Set Scott directs Lorraine Hansberry's award winning drama of an African American family's struggle to achieve the American dream; 7.30pm; (Not Mon)
 ● Horizon's Tel: (703) 519 9123
 Transportation: by Diane Samuels. Jane Latham directs a moving play about the repression of memories in Nazi Germany and the survival of a woman and her relationships; 8pm; to Apr 4
 ● Shakespeare Tel: (202) 383 2700
 Love's Labour's Lost: by Shakespeare. Directed by Laird Williams; 8pm; to Mar 19 (Not Mon)
 ● Studio Theatre Tel: (202) 332 3300
 Conversations with My Father: Herb Gardner's autobiographical work, directed by John Golph. Sun 2pm and 7pm otherwise; 8pm; to Feb 26 (Not Mon)

PARIS

CONCERTS

Champs Elysées Tel: (1) 47 23 37 21/47 20 08 24
 ● National Orchestra of France: with soprano Yvonne Kenny, tenor Anthony Rolfe-Johnson and baritone Gerald Finley. Arnold Oestman conducts Haydn's 'La Création'; 8pm; Mar 2
 ● Orchestre du Centre National des Arts du Canada: Trevor Pinnock conducts Schubert, Haydn, Bouchard and Mendelssohn; 8.30pm; Feb 27

GALLERIES

Galerie Schmitt Tel: (1) 42 60 36 36
 From Delacroix to Matisse: exhibition including the works of Delacroix, Matisse, Picasso and Degas; to Apr 13
Georgie-Pompidou Tel: (1) 42 77 12 33
 ● Bresset: works by the French photographer; to Apr 3 (Not Sun)
 ● Louise Bourgeois: retrospective of drawings; to Apr 17
 ● The African Collection of Magnelli: African sculptures and masks collected by Susi Magnelli; to Mar 20
 ● Musée Camus Tel: (1) 45 63 50 75
 Japan, Teatime and Tranquility: The Japanese Tea Ceremony; the historical and philosophical development of the Japanese ceremony; to May 14 (Not Sun)
 ● Musée d'Art Moderne, Ville de Paris Tel: (1) 47 23 61 27
 André Derain: 350 works spanning his entire career; to Mar 19 (Not Mon)
 ● Musée d'Orsay Tel: (1) 45 48 11 11
 James McNeill Whistler: exhibition of works; to Apr 30

OPERA/BALLET

Opéra National de Paris, Bastille Tel: (1) 47 42 57 50
 La Damnation de Faust: by Berlioz. Conducted by Myung-Whun Chung and produced by Luca Ronconi. Soloists include Bérénice Urie-Monzon as Marguerite, and Thomas Moser/Felix Leises as Faust; 7.30pm; Feb 25, 28; Mar 2

ROME

OPERA/BALLET
Teatro Dell'Opera Tel: (06) 481801
 Così fan tutte: by Mozart. The Royal Opera House, London staging directed by Jonathan Miller comes to Rome with conductor Evelino Pido; 8.30pm; Feb 26 (4.30); 28

STRASBOURG

OPERA/BALLET
Opéra du Rhin Tel: (33) 88 75 48 00
 Orphée et Eurydice: by Gluck. Produced by Moshe Leiser and Patricia Caurier, conducted by Louis Langrée; 8pm; Mar 2

STUTTGART

OPERA/BALLET
Königsplatz Stuttgart Tel: (071) 11 97034
 The Barber of Seville: by Rossini. Conducted by Gabriele Ferro, produced by Beat Fähr; 7.30pm; Mar 2

TURIN

OPERA/BALLET
Teatro Regio Tel: 011 8815 241
 ● A Midsummer Night's Dream: music by Britten, book by Shakespeare. Conducted by John Mauceri, directed by Alfredo Arias. In English; 8.30pm; Mar 3
 ● La Traviata: by Verdi. Conducted by Daniel Oren, directed by Sylvano Bussotti; 8.30pm; Feb 28

WASHINGTON

CONCERTS

Kennedy Centre Tel: (202) 487 4500
 ● James Galway: flutist with harpsichordist Phillip Moll plays Bach and Handel; 5pm; Feb 25
 ● Kodo Drummers of Japan: thunderous Japanese percussion company; 7pm; Feb 27
 ● National Symphony Orchestra: with cellist Carter Bray. Hugh Wolff conducts Mozart, Bartók and Dvořák; 7.30pm; Mar 2, 3
GALLERIES
National Gallery Tel: (202) 737 4215
 Italian Renaissance Architecture: Brunelleschi, Sangallo, Michelangelo, the Cathedral of Florence, Pavia and St. Peter's; to Mar 19
OPERA/BALLET
Kennedy Centre Tel: (202) 487 4500
 ● Hanel and Gretel: by Humperdinck/Rick McCullough. A production by the Washington Ballet; 7.30pm; Feb 25 (2pm); 26 (2pm)
 ● Menon: by Massenet/MacMillan. An American Ballet Theatre production; 8pm; Feb 28; Mar 1, 2
THEATRE
 ● Arena Stage/Kreger Theatre Tel: (202) 554 9086
 Hedda Gabler: Henrik Ibsen's drama, directed by Liviu Ciulei and translated by Christopher Hampton; 7.30pm; to Mar 19 (Not Mon)
 ● Folger Theatre Tel: (202) 544 7077
 Private Lives: by Noel Coward. A Folger Shakespeare Library and Interact Theatre Company production. Pat Carroll directs this comedy of many mixups; 7.30pm; to Mar 12 (Not Mon)
 ● Ford's Theatre Tel: (202) 347 4883
 A Raisin in the Sun: Set Scott directs Lorraine Hansberry



Peter Aspden

Reality cheque from the old school

A very important letter from a former philosophy tutor brings enlightenment

The bulk of my postbag at home does, sadly, consist of life insurance offers, mini-cah numbers and take-away pizza mailshots. It is the thankless price of leading an anonymous life in the post-modern looser city, and all that sort of thing. But every so often, something pops in which warms the heart and stirs the soul, and makes it all seem worthwhile. It happened to me just a couple of weeks ago.

It was a letter from my old college, in fact from the principal of my old college. It was a little formal, as you might expect, but the tone of his missive worried me out a jot: for he had big news to impart. I would be receiving

within the next few days, he said, a Very Important Letter which I ought to consider carefully before responding.

Normally, I would not have fallen for this. I would usually file such a letter in the category I reserve for those horrible notes which begin: "I know it is not very pleasant, but have you ever stopped to think about what would happen if your right arm was left hanging by a sliver of flesh from your shoulder in a hideous industrial injury?"

But this was different: this was the principal of my old college, who, you ought to know, was also my philosophy tutor. We spent hours on end staring out of the window of his study talking about,

well, the most important things one can talk about. The existence of God; the rightness of our actions; the nature of knowledge; the definition of happiness. During the course of one dinner, he taught me the correct way to pass the port (to the left - or was it right?). This was no trivial relationship.

So when he told me about the forthcoming Very Important Letter I became uncommonly excited. Had he and his chums discovered the meaning of life? The path to truth? The definitive ingredients of the virtuous life? Whatever it was, he was about to tell me, even though I left college such a long time ago. I could hardly wait.

Well, a few days ago, the letter arrived. I have to say it was some-

thing of a disappointment. It was written by the chief executive of a Very Important Bank, who had also been at my old college, and it was full of things about money. In short, my old college was feeling the pinch, I was perceived as having a surplus, and could I possibly lend a hand, old boy? It added that within a few days, I would be receiving a phone call from a Very Humble Student asking for my response. Not a thing about truth or beauty, just a few doodles on tax-free contributions and the like. I guess I was a bit naive. If I had been living in the US, where the cut-and-thrust of scholarly debate was long ago joined by the thrust-and-thrust of professional money-raising, I would not have been in

the least bit surprised by this turn of events.

But I am not convinced that we English get it quite right. A friend of mine told me that his university - I have to be discreet, let us call it C**bridge - used a similar softening-up process, only for the ultimate letter of appeal to come from that well-known beacon of gravitas, Clive Anderson.

Well, he is a charming man and a very intelligent one too, but it is not obvious why his laconic tones should persuade anyone to part with money for the sake of higher scholarship.

In the meantime, there is that phone call to look forward to. I am feeling pretty froggy already, what with my former philosophy

tutor and the chief executive of a Very Important Bank joining forces in a veritable double whammy of lofty thought and hard-nosed pragmatism to urge me to dip into my pocket.

How will I react? There is so much to which I want to contribute - Save the Whale, Bosnia, the man who seems to live inside Manston House tube station, comfy chairs for real calves, meals-on-wheels, multiple sclerosis research, a selection of chronically underfunded schools and hospitals in my immediate vicinity, and so on, and so on. How can I possibly make a rational decision? Perhaps I should write to my old philosophy tutor for advice, but then again...

Helma Holt. The First Lady of British theatre, is strictly informal. "We'll talk in the bedroom," she said on the telephone. "It's always best to."

The voice was suggestive of unnameable delights. "The bedroom" is the bedroom of the top-floor flat in London's Aldwych where the actor-composer Ivor Novello once lived and where Holt, a theatrical producer, has her office.

After finishing her serious business next door, the impresario floated into Novello's bedroom in a billow of grey silk.

"It's a Miyake," she said. "It's always a Miyake... I mean, they're the easiest things in the world to wear. You wash them and fling 'em over. There's no ironing at all." The dress designer Issey Miyake is a schoolmate of one of Holt's favourite directors, Yukio Ninagawa.

Her voice was as girlish as a RADA debutante's. She can also sound like a landlady. Holt sank on to the bed, drawing up her feet, tilting her petite face and focusing her big brown eyes with a cheerfully contrived skittishness.

It would have been interesting to talk about love with the nicely-arranged and much-married Holt. But it was not love I had come to discuss, nor even her current West End production, *The Clandestine Marriage*, but money - in particular, her rumoured genius for wringing large sums out of rich men and institutions.

To outsiders she plays the eccentric. What you will read about her is that she eats garlic sandwiches, stacks champagne in the washing machine, hitches lifts on dustcarts and forgets her knickers on first nights. She likes to dwell on her Dionysian appetites and devoutly Catholic practices. In a *Who's Who* of the theatre she lists her recreation as "talking to God".

Holt was recently appointed chairman of the drama advisory panel of the Arts Council, so I asked her why governments should subsidise the arts at all. Do governments create culture?

"No, people. But governments have the responsibility to help sustain it - as indeed the people who create it help sustain it. I mean artists subsidise the arts."

Subsidy for the flagships such as the National Theatre and Royal Shakespeare Company was quality for money and encouragement for the little vessels, she said.

As for sponsorship, it had been wrong of the government to "dump its responsibility on big business, because big business may not want to do it".

Modern businessmen were not like medieval artistic patrons. "Princes were not answerable to shareholders. The chairman of a multinational is, and before he can start giving it away, he's gotta make it."

"In the real world we do not mind about his executive jet as long as the dividends are coming in. The moment they don't declare an interim dividend in October, we want the jet sold."

Holt had given up her Cleopatra posture and had feet firmly planted on the floor. Sponsorship, she said, was not enough to keep a theatre going. Its value to the donor was short-lived, however good the shows.

"I know about sponsorship



Photograph: Ashley Ashwood/Montage: Andy Means

Private View/Christian Tyler

When money mirrors love

because I've had plenty of it. It's very hard to get and I'm very grateful when I get it. But I know that nobody is going to stay with me for ever. As if suddenly aware of the *double entendre*, she added: "He gets bored with me and wants another one."

Holt has experienced theatre finance from every conceivable angle. Trained at RADA, she was an actress before founding, with Charles Marowitz, the Open Space theatre in 1968. There, in a Tottenham Court Road basement, she was a manager of frenetic courage who occasionally performed Shakespeare in the nude.

She says now she was not a great actress. "I could be standing onstage at the Open Space at some dramatic moment with tears flowing down my cheeks, and counting the numbers in the audience."

In 1977 she became director of the Round House theatres in Chalk Farm. There she learned how to deal with the late Robert Maxwell, their treasurer and benefactor, and developed her pioneering work as

an importer of foreign productions, notably the Rustavelli company of Soviet Georgia.

She spent the 1980s at the National Theatre in charge of tours, foreign seasons and West End transfers, and five years ago crossed the river to become a commercial producer.

Her next venture is Chekhov's *The Seagull*, with the Rustavelli's Robert Sturua directing, and the 14 "angels", or theatrical investors, who regularly finance her.

They include Anthony Field, former director of the Arts Council, Camero Mackintosh, the musical impresario, an offshore investment company, an American lady ("she just loves the theatre and wrote me a lovely letter"), a large law firm and a retired bookie.

And do they do it for love, or money? Both, said Holt. Her first commercial production was Chekhov's *Three Sisters* starring three Redgrave women, which made a lot of money. But they lost a combined £33,000 on her *Much Ado About Nothing*. She herself lost £50,000.

How do you lose £50,000 and not end up sleeping on the streets?

"We hired me out."

Sorry?

"We hired me out," she repeated slowly.

What do you mean?

"I'm the only asset we've got. If we're short of money we have to hire me out, rent me." She meant working on contract for others.

By "we", Holt means principally her deputy, Malcolm Taylor, her general manager, Jeremy Adams, and her assistant, Sweetpea Slight. Sweetpea started life as Jane but Holt rebaptised her.

Among present or former Holt backers are Cyril Stein of Ladbrokes, the oil company Arco, Sir Andrew Lloyd Webber, Lord Rayne, Sir Peter Parker and what she calls "the Schrödinger people".

"I had a sort of passing thing with Tiny Rowland but it didn't come to anything."

The sexual imagery again. I asked what she meant. "Well, I opened a can of peas to see if I could interest him in something, but it didn't work out."

You seem to have a way with you, I said.

"I think it's personal. I think if you passionately believe in something people can recognise it. And it fires an enthusiasm in them."

Do you think of yourself as tough?

"No, I'm not."

People say you're theatrical but are tough underneath.

"I probably am theatrical but I'm not tough at all. I'm very very easily hurt - but not in a stupid way, but because I expect from others what I give."

"It's bad to say good things about yourself. I'm bloody-minded, and I could give you a long list of bad things. But I can tell you two good things: I am not small, I'm generous. I rate loyalty higher than any other quality other than talent."

Where are you vulnerable?

"I trust too easily and too much. I trust people to have similar moral standards to my own. I am deeply shocked by bad behaviour. I don't get nasty or seek revenge. I just

woot work with them. I don't argue; they just cease to exist. And I think that's a silly quality which I should have grown out of."

Are you trying to make money?

"Oh no! Only sufficient to continue. Not for any other purpose. If I were going to be smitten with that one, it would have happened a long time ago and I would now be rather bitter, because I certainly haven't succeeded in doing that."

So what are you trying to do?

"Enjoy myself."

It's a complicated way of enjoying yourself. "Yes, but I know no other." She put on her little-innocent voice.

There are other ways of having a nice time.

"Like what?"

You could live off a rich man.

"I've done that. Bored with that one."

She went on: "No, I like going down on the beach with my own bucket and spade and building my sandcastle, not somebody else's. If the tide comes in and washes it out, I build another."

ing over to a disembodied treaty reminds one that the Teo Commandments were a good idea too. And they too had to be tacked on to ideas about heaven in order to make them palatable to the recalcitrant masses. Thus the Maastricht criteria were bundled up with the vision of a single currency, even though they were admirable in their own right.

In Britain the government is pursuing the policy demanded by Maastricht. As a result the economy is doing rather well. It is legitimate to be sceptical about the creed of others who turn the practice of virtue into a teleological exercise - in truth the single currency is neither an end nor an essential culmination of the Maastricht process - but no harm in letting them get on with it.

Agnosticism is legitimate because cross-border currency unions fall apart (Malaysia-Singapore, east Africa and so on.) The continentals may or may not succeed. Why not wait and see?

James Morgan is economics correspondent of the BBC World Service.

Letter from Hong Kong

Last days of the raj

From the 21st floor of the revamped Peninsula Hotel, sitting in a jacuzzi, surrounded by bubbles, marble and glass, one eye on the bathroom television the other on the ships in the harbour below, Hong Kong seemed its usual self - hrash, colourful, vibrant, outrageous.

Down in the marvellous lobby, the string quartet was in full swing as the entire world, some in jeans, some in Chanel, queued for tea. On the top floor, in a flashy new restaurant designed by Philippe Starck, the French doyen of the matt-black crowd, Hong Kong yuppies were tasting Pacific rim *nouvelle cuisine*.

The \$200m (\$150m) refurbishment of the colony's most famous hotel - including two heli-pads on the roof and the most advanced high-tech gadgets in each room leading one American to remark you had to be very intelligent to stay in a hotel these days - is the talk of the town. It is also, officially at least, seen as the latest vote of confidence in the colony's future once it goes back to China in July 1997.

At breakfast, in the Verandah, an Italian was in agitated conversation about investing in the camellia oil business. The local paper spoke of golden prospects for property after 1997. Everyone was talking up business in this very cosmopolitan and yet very Chinese city where money remains king.

But you do not have to be an ostrich to feel the tension in the air. The signs are everywhere.

In her small *haute couture* workshop just off Nathan Road, Hong Kong's answer to Oxford Street, Priscilla Chen was completing her

Antiques are a barometer of mood - currently 'the best deal in town'

new address book. "It seems everyone now has two or three addresses," she said in best upper crust English. Not just Hong Kong, but Vancouver, New York, London, Paris.

It was refreshing to hear the fashion designer, taught at her Hong Kong English girls school to be "a citizen of the world", talk frankly about the uncertainties of 1997.

"Any sort of change brings fears," she said simply. But change is a way of life for most Chinese. "We all landed here with our little parcels. My father came from Shanghai. We've always had change, and just as we get comfortable here we go again."

She will not be moving. But like so many Hong Kong Chinese, she is not happy with the transition. There are black marks on both sides. No illusions about the Beijing authorities' irritation at the way the British are leaving things.

Fanny also talked frankly. She is Taiwanese, holds Hong Kong residence and passports for the United Kingdom, the United States and the Chinese one. She claimed some friends with BNO passports got no help from the British embassy in Beijing when they happened to be in the Chinese capital during the Tiananmen Square riots.

"As a graduate I can apply for Singapore citizenship. Maybe I'll do that since Singapore is keen to attract young graduates," she said. Above all, she explained, what people craved was security.

In the Hong Kong Club, bastion of the Hong Kong raj, where lamb is still served with succulent jelly and mint sauce, an English banking friend said he had just bought a house in New Zealand. Not for the lamb but because it was the "ultimate bolt-hole", he explained, nose in the claret.

Antiques are another barometer of mood. A professional shopping consultant advised me that they were the best deal in this shopping-crazed town. Smuggled objects from China have been flooding the Hong Kong market driving down prices. But they are likely to rise again after 1997 when the Chinese are expected to impose the same stringent ban on exports as in China.

One of the more reputable dealers in Hollywood Road, the Portobello of Hong Kong, had a good stock of dinosaur eggs but they were heavier than cannon balls. I opted instead for a 2,100-year-old Han dynasty head of a terracotta soldier and a 500-year-old Ming statue of an attendant all for a little more than \$500.

A steal, I was told, as the dealer handed me two certificates starting with the ominous words "to the best of my knowledge..." But he reassured me by saying Chris Patten was a good customer, and Michael Heseltine and Madame Pompidou had also bought from him.

The governor is apparently building up a good collection. The Chinese will have the last laugh, however, should he discover they are fakes.

Paul Betts

It is curious fact that the leading German financial daily, *Handelsblatt*, has not published a single editorial on the European single currency this year. In Britain most serious newspapers have produced about 10. This is, on the face of it, odd. Britain, along with Denmark does not have to join in, even though it might be eligible to do so.

For most governments the project was one of those Euro-ideas to which full assent had to be given because it seemed like a good thing and might make their lives easier. As usual, the excitable British got carried away by questions of theory and philosophy while their continental neighbours made *ad hoc* decisions based on the pressures of the moment.

Only the French try occasionally to dress it all up: an article in *Le Monde* last month about the Mexican crisis argued that that affair strengthened the case for a single currency. This view was apparently based on the simple notion that if Mexico had not had its own currency, it would not have

collapsed. If you have no car, you can never crash it.

The theory of a single currency arouses little or no interest on the continent. And, as is usual in Euro-matters, that lack of interest is masked by high-flown declarations, expressions of intent to solve outstanding problems and promises of full implementation of whatever needs to be fully implemented. This is partly because nothing will happen until 1997 at the earliest and not even then.

The British have never understood that the rhetoric of European Unity provides a veil for inaction. "Action" at present consists of designing new banknotes and considering the alterations that might be necessary for automatic cash machines.

When the single currency comes,

it will not be, for many, the nightmare that the British envisage. The Luxembourg franc will be buried in an ecu rather than a Belgian franc, as at present. Ireland would finally rid itself of any residual entanglement with sterling.

For others the single currency will constitute a useful step along a road which has been clear for decades.

In the Netherlands there is no conflict between throwing in one's monetary lot with Germany while continuing to dislike Germans. The Dutch want to cut out all those tedious formalities that complicate the business of taking money off their rich neighbours.

The Portuguese want to stuff their wallets with something more reliable than the tatty escudo. The French fancy the idea of trying to

run a Euro-currency rather than letting the Germans have all the fun. They reasonably believe that the existing *de facto* European single currency, the deutsche mark, should be denationalised.

Sovereignty, the obsession of the British, for most countries does not consist of fixing interest rates. And the British fail to see that a reduction in sovereignty, when it comes in fiscal matters, is no bad thing.

After all, if the Congress in Washington can contemplate cutting its fiscal powers by enacting a balanced budget law, it is not surprising that some European governments want to hand over difficult decisions to someone else.

The Maastricht criteria for economic convergence provide the perfect cover for them to impose fiscal decisions that they would other-

صلى الله عليه وسلم

WEEKEND INVESTOR

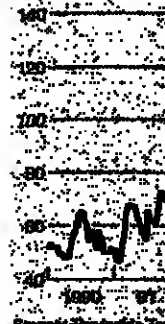
Directors' dealings

Largest deal of the week came at Evans of Leeds, a property company, writes *Vivian MacDonald of The Inside*.
 Trunk James Leavelly sold 1m shares at 100p and sold tax reasons were responsible. But he retains 2.4m. The deal came at the end of a three-month period during which the shares out-performed the market by 4.3 per cent.
 □ The share price of Reuters

Holdings, the international news agency group, increased steadily early in the 1990s but performance has been more erratic since then although the price has begun to outperform the market again over the past month. The buying by Charles Sinclair - who has been on the main board for just over a year - comes soon after purchases by Robert Bannan, a non-executive director.

Evans of Leeds

Share price (pence)



1. BOLLARD 12.5-14.5	2. BOLLARD 12.5-14.5
3. BOLLARD 12.5-14.5	4. BOLLARD 12.5-14.5
5. BOLLARD 12.5-14.5	6. BOLLARD 12.5-14.5
7. BOLLARD 12.5-14.5	8. BOLLARD 12.5-14.5
9. BOLLARD 12.5-14.5	10. BOLLARD 12.5-14.5
11. BOLLARD 12.5-14.5	12. BOLLARD 12.5-14.5
13. BOLLARD 12.5-14.5	14. BOLLARD 12.5-14.5
15. BOLLARD 12.5-14.5	16. BOLLARD 12.5-14.5
17. BOLLARD 12.5-14.5	18. BOLLARD 12.5-14.5
19. BOLLARD 12.5-14.5	20. BOLLARD 12.5-14.5

Directors' share transactions, by company

Company	Director	Shares	Price	Value
SALES				
ES Group	LHI	32,000	80	2,560
Coal Investments	ES	85,000	66	5,610
Court Covenhead	ES	200,000	508	101,600
Evans of Leeds	ES	1,000,000	100	100,000
Granger Trust	ES	30,000	72	2,160
Highcroft IT	ES	7,000	18	126
Huntley Tech	ES	2,200	11	242
Powering	ES	4,887	11	537.57
Teapo	ES	1,100	17	187
VSEL	ES	17	1	17
Goodie Durnant	ES	60,000	126	7,560
London Electricity	ES	14,000	1	14
Manweb	ES	17,808	142	2,528.74
PURCHASES				
AAH	ES	8,500	30	255
ES Group	LHI	32,000	80	2,560
Bailly CH	ES	300,000	1	300
Berkley Group	ES	40,000	127	5,080
Casket	ES	151,020	20	3,020.40
Copyright Promotion	ES	10,500	20	210
Elect & Gen	ES	10,500	20	210
Harmony Property	LHI	200,000	10	2,000
Kenwood	ES	7,200	10	720
Microgen Ridge	ES	10,000	11	110
Net Home Loans	ES	205,000	21	4,305
Rank Organisation	LHI	20,000	77	1,540
Reoters	ES	5,250	2	105
WEW Group	ES	100,000	30	3,000

Last week's preliminary results

Company	Revenue	Profit	EPS	Dividend
Adair	1,000	100	1.00	0.50
Adair	1,000	100	1.00	0.50
Adair	1,000	100	1.00	0.50
Adair	1,000	100	1.00	0.50
Adair	1,000	100	1.00	0.50
Adair	1,000	100	1.00	0.50
Adair	1,000	100	1.00	0.50
Adair	1,000	100	1.00	0.50
Adair	1,000	100	1.00	0.50
Adair	1,000	100	1.00	0.50

Last week's interim results

Company	Revenue	Profit	EPS	Dividend
Adair	1,000	100	1.00	0.50
Adair	1,000	100	1.00	0.50
Adair	1,000	100	1.00	0.50
Adair	1,000	100	1.00	0.50
Adair	1,000	100	1.00	0.50
Adair	1,000	100	1.00	0.50
Adair	1,000	100	1.00	0.50
Adair	1,000	100	1.00	0.50
Adair	1,000	100	1.00	0.50
Adair	1,000	100	1.00	0.50

Current takeover bids and mergers

Company	Offer	Price	Value
ACT	120	105	761.4
Andrews Sykes	65	167	67
Blatchley Motor	250	248	255
Huntley Tech	2	14	3
Northern Elec	1100	1055	865
Paroleam	175	177	139
Petroleum	187.5	185	157
Portals	1055	1061	955
Stanhope Prop	5	3	8
Woolsons	1025	1008	688

New issues

Albright & Wilson, the UK's fifth largest chemical group, closed applications for its issue yesterday.
 Heavy retail demand for the shares, which were offered at the cheap price of 150p, is believed to have taken the issue comfortably through the 15 per cent crawlback mark. It is possible investors will be scaled back.
 Counting was taking place late yesterday, and an official announcement is expected Monday morning, writes *Monika Rich*.
 Zofens, the specialist forms maker which used to be a subsidiary of BP Chemicals, priced its shares on Monday at 145p, raising £23.4m and valuing the company at £25.6m, writes *David Blackwell*.
 Bill Fairservice, managing director, said: "Institutions are still receptive to quality companies, despite market conditions." Dealings begin on March 28.
 Colleagues Group, the specialist direct marketing service, priced its shares at 115p on Thursday, valuing the company at £26m.
 A total of £5.2m is being raised through an institutional

placing, with £1.3m for the company and £3.7m for James Robson, chairman and founder.
 Dealings are expected to begin on March 2.
 Tough market conditions are not hindering Regus International, the office services group seeking to come to the market via a placing and public offering next month.
 John Dawson, chief executive, said on Tuesday the group was confident that investors would support the flotation, expected to value the company at about £100m.
 SCI, the manufacturer and supplier of steel based products, said on Thursday that it was planning to raise £27.5m net of expenses through an institutional placing and intermediaries offer next month. It expects to be valued at around £45m.
 Communications, the company formed to acquire London Jazz Radio in 1991, is on course for impact day on Friday.
 The group, which is expected to be valued at about £20m, is aiming to raise £5m to £6m through a placing to pay £1.5m debt and fund expansion.

Bids

The £1.2bn bid battle for Northern Electric ended its climax this week as Trafalgar House increased its cash offer - but not by much, writes *David Wighton*. It went up by just 53p to £11 a share, compared with expectations of up to £12. Unusually, the cash offer is higher than the paper and cash alternative, which was raised to £10.81.
 Northern's share price fell 75p to £10.53 on the announcement and analysts said the increased offer left the battle balanced very

finely. Institutions suggested there was a definite chance that Northern would escape. They pointed out that the £11 bid valued the underlying business at £5, after taking account of the £5.07 special dividend and preference share package announced by Northern a week ago. At £6, the shares would be yielding twice the market average on this year's predicted dividends. There is considerable pressure on institutions to accept the bid which closes on March 10.

Accom Computer is to raise £17.2m via a 1-3 rights issue. Bedford Group is to raise £2.2m net of expenses via a 71-100 25p rights issue. Rhine Group is to raise £3.7m via a 3-5 9p rights issue of 50.4m new shares.

Accom Computer is to raise £17.2m via a 1-3 rights issue. Bedford Group is to raise £2.2m net of expenses via a 71-100 25p rights issue. Rhine Group is to raise £3.7m via a 3-5 9p rights issue of 50.4m new shares.

Results due next week

Company	Revenue	Profit	EPS	Dividend
Adair	1,000	100	1.00	0.50
Adair	1,000	100	1.00	0.50
Adair	1,000	100	1.00	0.50
Adair	1,000	100	1.00	0.50
Adair	1,000	100	1.00	0.50
Adair	1,000	100	1.00	0.50
Adair	1,000	100	1.00	0.50
Adair	1,000	100	1.00	0.50
Adair	1,000	100	1.00	0.50
Adair	1,000	100	1.00	0.50

In the Pink

So you want to be a really top investor...

Only a few can expect to make the grade, says John Train

John Train is chairman of Montrose Advisers, investment counsel in New York. His latest book, *The Craft of Investing*, has just been published by HarperCollins.

I am often asked about the best background for the investment business. Well, I am quite sure that it isn't reading economics and then entering Wall Street or the City. That is like recommending a budding Casanova to start with a doctorate in anatomy.

people function; and a wide and deep judgment of affairs in general.
 It is almost indispensable to have some personal experience of business, which is what investment is about: after all, buying a share of stock makes you a small partner in some enterprise. A few years with a management consulting firm is an admirable background, too, since you are plunged into a variety of different activities and learn how

Republic provides indispensable insights into how oligarchy moves on to democracy and then, via breakdown, to tyranny. Things have not changed that much.
 The thoughts on life of notable men are of the utmost value: Bacon, Benjamin Franklin, Sun-Tzu, Montaigne, Napoleon, whose reflections on statecraft should be studied with great care, observed that the worst formation for a politician is politics: he should

at all. People think in different ways. Some are thing manipulators, some are idea manipulators and some are leaders - that is, people manipulators.
 If you come from Manchester or Cleveland, you tend to become a thing manipulator: you are almost born at home with machine tools, jigs and dies. In Washington, it comes naturally to be a people manipulator - to work in government. In New York, on the contrary, a young person is likely to go into idea manipulating. This again splits into two main sub-categories: literature, law and journalism; and numerate people, who will be happy in banking and finance.

Capitalise on your strengths. Only a small part of the population can expect to be really successful in finance. Better to get an idea of your prospects before you start rather than learn the hard way

Economics, like weather prediction at the turn of the century, is still a proto-science. It does not yet meet an important test of a science - namely, that it can be used as a predictive tool.

That noted investor, George Soros, was trained as an economist but decided that classical economics cannot explain the stock market.

begin with much broader studies, or he will be of little value.
 Much the same holds for investment strategy, which is really a form of futurology. You need to recognise the patterns behind the changes in the world, and be able to evaluate with a cool and critical eye the enthusiasms that sweep the investing community.

Warren Buffett, another great, not only avoids economic formulas but says he does not even use a calculator. When he examines a company, he starts with its management and the soundness of its niche or "business franchise".

When I asked Peter Lynch, a third investment giant, how much time he spent on economics, he replied, after some reflection: "A little less than 15 minutes a year."

There will be ample time to learn the details of the investment craft later. It works only rarely the other way around. (For that matter, Book IX of the *Republic* urges that you learn about business after studying liberal arts.)

Successful investing requires, above all, a knowledge of business. This must include the ability to read and interpret figures; the language of business; a feeling for how

modern standards but, if you master those fascinating pages, you will understand better than most people how the great world functions. And Book VIII of Plato's

Children of my friends or clients come by to ask if, for instance, they should seek a job at S.G. Warburg or Morgan Guaranty. I always tell them that they should determine first whether they belong in the financial world

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Weekend Investor

Wall Street

London

More of a sigh than a sonic boom

Maggie Urry reflects on the week that saw the Dow index finally crack the 4,000 level

Wall Street finally made it through the 4,000 level on the Dow Jones industrial index this week, although the accompanying sound was more of a sigh than a sonic boom.

After falling narrowly the week before, it started another assault on the peak on Monday. It climbed every day until, on Thursday, it jumped up to 4,020.49 during the day. The steam then seemed to go out of the market and, minutes before the close, it dipped below 4,000, regaining the summit at the very end.

What pushed the index through the barrier was an over-optimistic interpretation of the Federal Reserve's position on interest rates.

Alan Greenspan, its chairman, gave evidence on Wednesday and Thursday to congressional committees at which he said: "We expect growth to continue and inflation to be contained." He even said he could foresee the Fed easing interest rates.

Greenspan - who has been dubbed Greenspan the Terrible for his tough line on inflation - was taken to mean that he was less hawkish on inflation and that the longed-for soft landing for the economy was now at hand.

Perhaps, the market thought, the Fed would not increase interest rates again from the present 6 per cent.

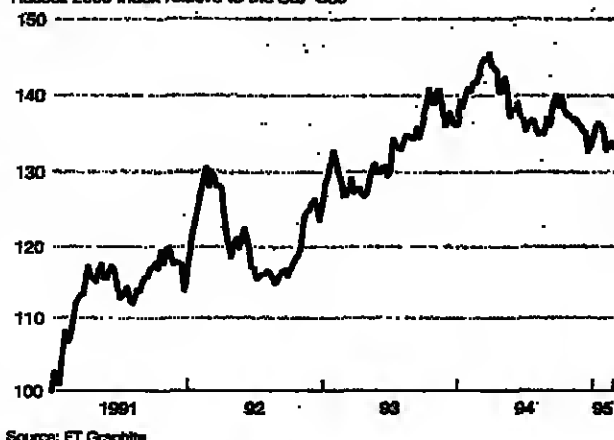
That would be a significant change from the general view that rates will rise again - at least once, perhaps twice - by May. And it was that thought which pushed up the bond market - the long bond rose nearly a point on Wednesday afternoon, cutting the yield to just over 7 1/2 per cent. The stock market followed, reaching its peak just as the bond market was beginning to think again and fall back.

What reversed the bond market's thinking again was a remark from Alan Blinder, the Fed vice-chairman, who said it still needed more evidence of a slowing economy before it stopped raising rates. The bond market sagged and ended Thursday lower.

There is another concern for investors raised by Greenspan's remarks. Does he know something we do not? He is unlikely to have better information about the strength of the economy than is available generally from the published statistics. As Eric Miller, chief

Small-cap stocks' performance

Russell 2000 Index relative to the S&P 500



Source: FT Graphics

investment officer at Donaldson, Lufkin & Jenrette, says: "The Fed has never been a superior economic forecaster."

Does the apparent softening of the line on inflation mean that there are other worries facing the authorities - such as the impact higher interest rates could have on the banking system? That worry had been eliminated but could now return.

The markets have largely ignored the weakening dollar, too. The Fed is less likely than other central banks to use higher interest rates to defend the currency. But the problem of financing a rising trade deficit must be confronted by the market sooner or later.

Also a worry is the level of short positions in the market. These are built up when investors sell shares they do not own in the expectation that stock prices will decline. They reached a record high recently - like the Dow - suggesting a fall is anticipated.

On the other hand, if the market does not fall, those traders will have to close the short positions by buying shares - and that could turn a rally into a sharp run-up.

One feature of the market since it failed to reach 4,000 early last year has been the relative underperformance of the small-capitalisation stocks compared with the large stocks. As the chart shows, the small-cap stocks in the Russell 2000 index had been beating the bigger S&P 500 stocks while the market was rising in the early 1990s.

Since mid-1993 last year, though, the Russell index has been falling back in relative terms. And while the leading

indices are at record levels, small-cap stocks are still below their peaks. Now, opinions are sharply divided over where they are going.

Small-cap stocks have been popular because of the simple notion that it is easier for a small company to grow than a large one. But smaller companies' shares often are considered to be higher risk, both inherently and because they are supposedly hard to trade.

Salomon Brothers is now suggesting that small-cap stocks will continue under pressure, citing the "January effect". This says that if small stocks do not outperform large stocks by more than 1 per cent in January, then they will continue to underperform. This year, the Russell index only just beat the S&P 500, which Salomon says points to a lacklustre performance ahead.

Richard Holt, who manages a small-cap fund at Pimco, an asset management company, suggests a number of reasons why they should do better. First, investors who earlier put their "risk" money into emerging markets are now bringing that money back and may buy small-cap stocks to spice up their portfolios.

Second, he says, the emphasis by fund managers on the big names may lessen as confidence rebuilds. He thinks they will look for - and find - good value among the smaller stocks.

Dow Jones Ind Average

	Monday	Tuesday	Wednesday	Thursday	Friday
market		3,963.97	3,973.05	4,003.33	
closed		+10.43	+9.08	+30.28	

UK investors suffer GI blues

Philip Coggan finds British shares on short rations

This week revived memories of the second world war as British investors cast envious eyes at their US cousins, whose shares are over their previous highs, over 4,000 on the Dow and over the moon.

In London, the stock market this week has acted as if it were under anaesthetic. The FT-SE 100 failed to gain much succour from Wall Street's rally; by Thursday's close, the index was nearly 950 points below the Dow. Back in 1985, believe it or not, Footsie was higher than its Wall Street counterpart.

London has underperformed New York pretty steadily since the start of 1994, even though it was higher US interest rates which took the blame for last year's stock market falls. Those who believe that markets are driven by liquidity, such as Robin Aspinall of Panmure Gordon, say this is due to US money - which fuelled the world stock market rally of 1993 - staying at home.

By the close yesterday, Footsie had dropped to 3,937.7, down seven points on the week and just below the middle of its recent 2,950-3,150 range. It is down around 0.9 per cent from its opening-1995 level.

If the market indices were unexciting this week, at least investors had plenty of corporate news to entertain them. Top of the list must be the conglomerate Hanson, which announced a spin-off of its "non-core" US businesses.

Hanson shareholders will receive shares in demerged group, called US Industries, tax-free on a one-for-100 basis; for those many small investors who receive fewer than 100 new shares (which will pay no dividend and will not have a UK listing), Hanson is providing a low cost dealing facility.

The demerged group will comprise a diverse portfolio of companies, such as Jacuzzi, Tommy Armour Golf and Bear Archery.

It may be hard to see the industrial logic in a bath-to-

golf-clubs-to-arrows conglomerate ("Come and scratch my back with your eight-iron, Harry, I've dropped the quiver in the bath"), but the markets were mainly interested in the effect of the demerger on the parent company.

The deal will remove some £85m of debt from the Hanson balance sheet, reducing the group's gearing to 38 per cent. Investors immediately speculated that the company was gearing up for a takeover bid; Yorkshire Electric and United Biscuits have been rumoured targets in recent weeks.

While the market is waiting for Hanson to act, it still has a couple of substantial bids on the table. Trafalgar House duly increased its bid for Northern Electric this week, but surprised the market by bidding less than expected - £11 per share - and by accompanying the announcement with a profit warning.

The Trafalgar bid looks set for a closer finish than investors had previously expected,



Hanson announced a spin-off of non-core US businesses

although investors still seem confident that Glaxo's \$8bn plus bid for fellow pharmaceuticals group Wellcome will succeed.

Bid speculation emerged at Arjo Wiggins Appleton, the paper group, on rumours that St Louis, a 40 per cent shareholder, was ready to sell its stake. The shares managed to climb nearly 10 per cent on the week.

This week also marked the start of the main companies' reporting season, which may have given some clues to Footsie's lacklustre performance.

What was striking was the number of blue chip companies which seemed to disappoint the market with their results. Take National Westminster Bank, which reported a 61 per cent rise in pre-tax profits on Tuesday.

The shares fell more than 2 per cent on the day as investors concentrated on the bank's rising costs.

On Thursday, shares in ICI, British Gas and Shell all fell following their results announcements. All three reported substantial profit increases, but in the case of Gas and ICI, markets were particularly disappointed by unchanged dividend payments.

British Gas, which already had incurred bad publicity on the executive pay issue, now risked offending its institutional shareholders. Thursday's turnover in Gas shares was the highest since 1990 while the shares dipped 5p. A further decline yesterday left the shares 4.5 per cent down on the week.

ICI managed an 84 per cent rise in pre-tax profits, excluding exceptional, but said it

was committed to rebuilding its dividend cover. This did not look unreasonable in view of the fact that its total payout for the year was 27.5p, compared with earnings per share on continuing businesses of 37.3p.

But the markets still punished the chemicals company, with the share price dropping 5.3 per cent on the week. One of Footsie's worst performers.

ICI and British Gas appear to be exceptions to the norm, in terms of freeing their payouts. The four week average of the dividend index, which is calculated by subtracting cuts from increases and expressing the result as a percentage of the total number of announcements, rose to 64.4 per cent this week, its highest level in 1995.

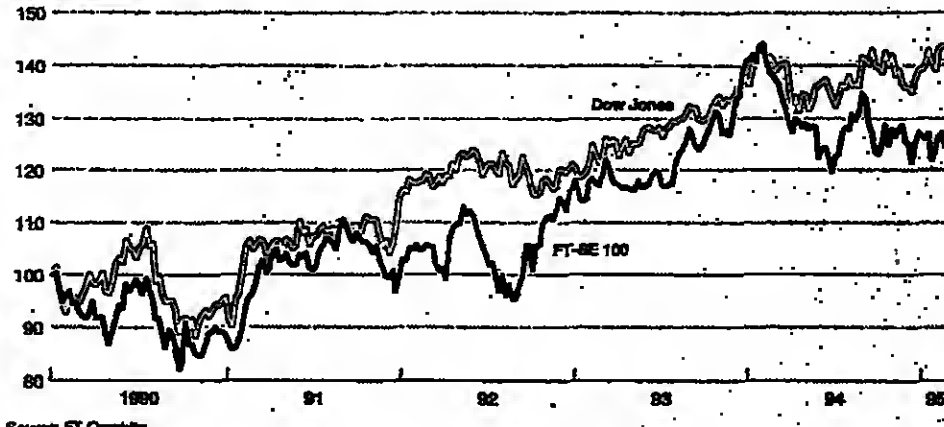
The market did manage a favourable reaction to one or two results announcements this week, notably in the insurance sector, where Royal Insurance and Guardian Royal Exchange both produced figures at the top end of expectations.

Nevertheless, a market rally is unlikely to be powered by the insurance sector. The likes of British Aerospace, Vickers and Wimpey, which report next week, will give a further clue to the health of the general UK economy.

The start of the week, however, may be dominated by political worries. While the government is unlikely to fall, even if it is defeated in Wednesday's Europe debate, the uncertainty is hardly guaranteed to inspire confidence in international investors. Footsie is unlikely to catch up with the Dow for a while yet.

Failing to keep up with the Dow Jones

Indices released



Source: FT Graphics

Highlights of the week

	Price of day	Change on week	1994/95 High	1994/95 Low
FT-SE 100 index	3937.7	-6.5	3520.3	2876.6
FT-SE Mid 250 Index	3407.4	-28.8	4192.8	3363.4
Airways	419	-23	578.4	415
Arjo Wiggins	246	+2	316	219
British Biotech	438	-52	616	311.4
British Gas	289.4	-13.4	368	253
Eastern Group	687	-42	886	566
Low & Bonar	420	+38	438	364
Lucas Inds	173.4	-17.4	238	158
NatWest Bank	504	+14	622	421
Northern Elect	1098	-54	1138	589
PowerGen	513	+18	802	449
TI Group	333	-17	465	326
Telegraph	436	+56	822	310
Yorkshire Elect	832	-42	908	604.4

Dividend news disappoints
Second-liners neglected
Increased competition
St Louis stake sale talk
Concern over drug delay
Dividend disappoints
Sector bid speculation fades
Response to jump in profits
US defence orders lean
Excellent preliminary figs
Increased offer disappoints
Nomura recommendation
Nervous ahead of results
Share buy back anticipation
Swiss Bk reduces holding

John Plender

Sacred cows aren't dead yet

But are takeovers any way to run a corporate sector?

This has not, so far, been a good economic year for sacred cows.

The highest bovine casualty has been the conviction of most Britons that they can all grow richer by buying and selling houses. But what of the industrial equivalent - the notion that the corporate sector will grow ever richer through buying and selling companies, instead of investing in new plant and products? In a week when that acquisitive conglomerate Hanson is said to be clearing the decks for a giant bid, a safer prediction might be that more companies will be slaughtered than sacred cows.

So, here we go again. The City grapevine is abuzz with tales of takeovers in the pipeline. Yet it is hard to see how a country can prosper if it treats its corporate sector like an oriental bazaar in which trade in companies is accorded higher priority than investment and productivity. Still, before we become too gloomy, let us at least take heart from the opportunities that now face British industry.

There is no greater Cassandra in the economics profession than Wynne Godley, one of the chancellor's panel of independent economic forecasters. Yet, he declared in the *Financial Times* this week that, for the first time since he left the Treasury in 1970, Britain had a macro-economic policy

designed to lay the foundations for sustained, non-inflationary growth.

Godley's point is that most of the expansionary impetus over the past two years has come from rising exports. At the same time, the government is addressing an acute fiscal shortfall by raising taxes to the tune of 3 per cent of gross domestic product over two years. The advantage of this draconian policy, in the present context, is that it leaves ample room for increased investment. The question is whether companies will seize the opportunity created by this outbreak of fiscal virtue.

In purely practical terms, they could not be better placed to do so. Unlike the personal sector, which is still burdened heavily with debt left over from the last stop-go binge, the corporate sector has put its balance sheet back in order. It is in the healthiest financial position since the second half of the 1970s, when fiscal policy was contracted out to the International Monetary Fund.

While the economy is still operating with plenty of slack, the spare capacity is distributed unevenly. There is plenty of it in sectors that rely heavily on domestic consumers and home-buyers for their revenues. But there is much less of it in manufacturing, where output has been growing very

strongly. The sensible outcome would be for companies to combat increased demand for exports through new investment in plant and machinery, instead of raising prices and permitting excessive wage increases as they have done so often in the past. If they use their growing cash flow on

The trade in companies is given higher priority than investment and productivity

takeover activity, the result will be actually to decrease capacity.

In Germany or Japan, the takeover option is so limited as to be of little economic importance. Their systems of corporate governance make hostile takeovers difficult. So, for cash-rich German or Japanese industrialists in a low inflation environment, the choice is stark. They can either invest in plant and machinery, or in much less exciting cash or bonds.

In the English-speaking countries, by contrast, they are reducing their hurdle rates of return very slowly. They remain vulnerable to the argument that buying a company via the stock market

or trading used shares. And it is always easy for industrialists to kid themselves that the application of their wonderful management skills to a takeover target will generate wonderful returns.

Profit-hungry merchant bankers are notably skilful at encouraging industrialists in this belief. The accountancy profession, in earlier economic cycles, even provided a form of acquisition accounting that was capable of throwing up large profits for the acquiring company when, in reality, it was making economic losses on the takeover.

The good news, this time round, is that the accountants - with the help of Sir David Tweedie, of the Accounting Standards Board - have started to address this lacuna. Conglomeration is less fashionable with investors. And there is a growing awareness that shareholders in the bidding company tend to do poorly from takeovers.

Against that, there is now evidence from the Confederation of British Industry that industrialists are worried about inadequate rates of return on new investment. Having burnt their fingers in previous inflationary cycles, they are reducing their hurdle rates of return very slowly. They remain vulnerable to the argument that buying a company via the stock market

provides cash flow from day one, together with cost-cutting opportunities that can be turned into cash far more quickly than the potential of a greenfield investment.

Also important is the nature of the bids, actual and potential, that pre-occupy the City. Forget, for the moment, Lord Hanson, who probably is best regarded as part of the ecological balance in the capital markets - a necessary predator in a UK-style system so long as he restricts his scavenging activity to low-tech, mature targets and eschews *folie de grandeur*. But what of Glaxo, where Sir Paul Grolami was hardly out of the door before an anti-takeover policy was junked by his successor. In the pursuit of Wellcome? Is this the kind of industrial capacity we should be shrinking through hostile takeover?

As for Trafalgar House's bid for Northern Electric, it has done a service by revealing the inadequacies of electricity regulation. But the interests of industrial efficiency would surely be served better by breaking up the ramshackle (and apparently loss-making) Trafalgar House conglomerate than letting it loose on a regional electricity company which will incur mountainous debts as it defends itself.

Oh dear. There's life in the sacred cow yet.

Barry Riley is on holiday

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